

**Christiane Eisenberg, Rita Gerlach, Christian Handke (eds.)**

**Cultural Industries**  
**The British Experience**  
**in International Perspective**

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## Introduction

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The ‘cultural industries’ and the ‘creative industries’ have received considerable attention over the last years. These two compound expressions, often used as rough synonyms, refer to suppliers of a range of products that “we broadly associate with cultural, artistic, or simply entertainment value” (Caves vii). The term cultural industries was first coined to address the production and dissemination of cultural content in mass media, e.g. in books and magazines, sound recordings, films and other types of audiovisual media. Today it usually refers to suppliers of mass media content as well as producers of the traditional arts that do not lend themselves to mass-reproductions, such as live performances and the creative arts. Much of the literature also includes similar industries such as design, fashion, crafts, architecture, sports, software, or even tourism. In accounting exercises it is contentious to what extent complementary industries, e.g. producers of media technologies and entertainment electronics, should be included in assessments of the direct economic contribution of the cultural industries.

Under the Labour administration in the late 1990s, the British Department for Culture, Media and Sport (DCMS) has played an important role in promoting the debate on cultural industries and the way they can be harnessed as drivers of economic development. The ambitious aim of the DCMS is to make “the UK the world’s creative hub” (DCMS website). In Germany, the responsibility for the subject is more dispersed with the federal *Länder* playing a key role. Nevertheless, the cultural industries are *en vogue* here as well. Extensive official reports on the economic

significance of cultural industries have been published by several *Länder* and debates on how best to support the sector abound (for an overview see Wiesand).

The cultural industries are a promising field of cultural, social and economic research for several reasons. First, they are a significant arena for an exchange of meanings. Their function as means of communication and their potential for manipulation continue to be keys to understanding modern societies.

Second, the cultural industries provide an exciting example for several contemporary socio-economic trends. Some cultural industries have long operated in highly integrated, even global markets and many are at the forefront of the broad changes in the markets for information goods.

Third, some cultural industries seem to have grown comparatively fast over the last two decades. Many policy-makers expect them to continue to be drivers of economic growth and employment – an appealing prospect in particular for de-industrialising urban areas that already boast thriving cultural scenes such as Berlin. Cultural industries are prone to cluster in specific locations, so that attractive regions can hope to reap disproportionately high rewards from growth in the cultural industries. What is more, the bulk of the growth has occurred in the production of mass media content. Several factors conspire to make continued change in the mass media probable in the future. These include the diffusion of advanced information and communication technology (ICT) and the familiar issues of deregulation and integration of markets, to name but a few. In this context, the chances for a redistribution of resources seem higher than ever. Newcomers can hope to make their mark. Existent centres of cultural production are faced with new competition as well as new opportunities to increase their slice of the pie.

More specifically to the research agenda at the interdisciplinary Centre for British Studies at Humboldt University, the cultural industries provide an excellent example of how societies organise the public arena and how they cope with economic and social change. Historically, the British cultural industries exhibit special features

which set them apart from their counterparts in continental Europe. They function as a magnifying glass through which scholars are able to target their studies of modern British society and economy.

In Britain, modern forms of commercial culture developed several decades before those on the continent – and in some cases even centuries before. Modern sport in Britain, for example, began to develop commercially as early as the eighteenth century. People on the continent only became aware of modern sport at the turn of the twentieth century as a result of a cultural transfer instigated by British tourists, merchants and students. And music halls that offered popular entertainment to a working class audience were thriving in the 1850s in British industrial towns and cities, whereas the era of variety entertainment began on the continent only around 1900 and reached its zenith in the 1920s. Similar, and sometimes larger, time lags can be found in the areas of the popular press and tourism.

Furthermore, the growth of what is now called the cultural industries was a ‘natural’ concomitant of the rise of the market economy and the modernisation of British society since the eighteenth century. An increasing concentration of people in the growing urban centres meant an increase in demand for cultural consumption, and entrepreneurs who dared to invest organised the supply. Although the market worked differently than in more conventional areas of commerce, cultural industries in Britain were about artistry, genius and originality as well as – unashamedly – about business and profit. The market was the stage for all those involved. By contrast the role of the court, the state and other bodies like the church and local authorities in developing cultural industries was relatively insignificant. Therefore, we can observe a considerably different tradition in the attitudes and actions of commercial and public actors in Britain and those on the continent. Other characteristic features of the British experience are that little effort was lost to separate the high arts from mass culture. It seems that the British have no fear of putting them all in the same basket.

Finally, in the course of the twentieth century, there was relatively little political instrumentalisation of mass culture in Britain either by the state, or by political parties

and movements. At the turn of the twentieth century the Labour Party, for example, failed to establish an ideologically organised cultural movement along the lines of social-democratic movements in either Germany or Austria at the time. And in the 1930s the failure of the British fascist right can be ascribed to similar reasons. It is therefore worth discussing whether the extent to which commercial cultural industries managed to absorb the time and money devoted to leisure activities helps to explain that on the cultural level, British society has remained essentially individualistic.

In the context of today's reinvigorated interest in the cultural industries, studying the special case of Britain and comparing it with developments in other major economies might still provide valuable insights. Pivotal questions that connect the historical perspective with today's structures are: Do commercial cultural industries in Britain still enjoy a lead over those in other European countries or have continental Europeans caught up in the meantime, perhaps as a result of the decline of the influence of parties and political movements, and even private societies and associations? Can we explain the relative success (or the relative decline) of British cultural industries and can the British experience provide general insights?

However, before tackling questions like these it is necessary to agree about some basic conventions in this promising field of research. We continue to struggle with definition and measurement issues that bedevil the academic debates and the wider public discourse on the cultural industries. We need to discuss the significance and use of the available statistics. This is particularly important where we seek to compare the evidence across areas with different accounting practices. We also need to understand for what purpose these statistics have been assembled in the first place. In the face of these challenges, there is ample scope for an institutionalised exchange of information among researchers on the cultural industries both across academic disciplines as well as across geographical borders.

The workshop "The Cultural Industries – The British Experience in International Perspective" promoted such an exchange. Organised by the Centre for British Studies of Humboldt University in February 2006, it attracted a number of German and British



academics as well as practitioners and policy makers, including the coordinators of the Berlin Senate's Creative Industries Initiative. This publication contains revised versions of the papers that have been presented and discussed during the event.

The papers are grouped into four themes. In a first section, entitled "Defining the Cultural Industries: Terms, Data, Methods", three papers discuss the general problems of defining and using the terminology: Simon Roodhouse examines and criticises current definitions and quantitative methods of data collection applied in Britain. Susan Galloway and Stewart Dunlop analyse the different meanings of the terms 'creative' and 'cultural' industries and discuss the policy implications of the, as they claim, ill-conceived creative industries definition. Roy Boyne contributes a sociological perspective by analysing the discussion about the social impact of the cultural field.

The second section aims at "Extending the Analysis: Neglected Key Dimensions?" Christian Handke deals with the problem of copyright in a review of the economic literature. Rita Gerlach proposes a pragmatic framework for the comparison of British and German theatre quality.

Additional dimensions of research in the different fields feature prominently in the third section, entitled "Embedding the Cultural Industries: Time and Space". Lawrence Black discusses the change of attitudes of British governments towards the Creative Industries and Cultural Politics and Bastian Lange presents qualitative case studies of "culturepreneurs" and their role in urban modernization.

The last section, "Embedding the Cultural Industries: Fields of Work", holds exemplary papers that document the disciplinary and thematic width of current research projects: Gesa Stedman deals with the commercialisation of the literary field in the UK and literary or cultural merit. Annika Wingbermühle presents a study of marketing strategies for Scottish goods and services that take account of socio-cultural differences. Finally, Anna Dempster adds a business management perspective with her

analysis of theatre as a risky business in a case study of the musical *Jerry Springer the Opera*.

Overall, the workshop demonstrated how stimulating interdisciplinary approaches to the analysis of the cultural industries can be. From the perspective of the organizers at the Centre for British studies, the exchange with our British and German colleagues in the course of this project has proven to be inspiring and encouraging. We could not have asked for more and we are looking forward to further fruitful cooperation.

The editors would like to thank the Centre for British Studies for hosting this workshop and the staff of the Centre in general for their help before, during and after the conference. We would like to thank Corinna Radke in particular for her energetic and unfailing support in preparing this publication and Barbara Simpson and Catherine Smith for their effective proof-reading of the papers.

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# **The Creative Industries: Definitions, Quantification and Practice**

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## **Introduction**

This chapter examines the definitional and quantification dynamics of the New Labour Creative Industries policy from 1998 to 2004 which replaced earlier Labour Party cultural industry interests articulated in the 1980s by the Labour controlled Greater London Council (GLC). It focuses on an empirical understanding of the sector and specifically sub sectors such as designer fashion, and graphics, through primary baseline analysis. It first considers the New Labour Creative Industries policy definitional framework and economic claims. It finds that there is conceptual confusion, at sector and sub sectoral level, the concept, which has yet to be owned by the sub sectors, is identified and accepted by the industry. This has led to a reappraisal of the definitional framework from a sub-sectoral, regional and local perspective, because data, if it exists, is often inaccurate and as a consequence provides a misleading evidence base.

Secondly, consideration is given to the sources of data collection which underpin the policy, its reliability, and relevance to local and regional economic, cultural policy and practice. The chapter then demonstrates that collecting primary data at local and regional levels employing a practitioner/business led definitional framework related to

the national SIC coding system is an alternative means of building a realistic analysis of the sector which is recognizable by those in the industry.

Thirdly, the paper suggests that the creative industry policy is exclusive, that the definition is pragmatic with no justifiable rationale. Furthermore the data used as evidence to support the policy is unreliable and flawed when placed in the context of sub sectors, locality and regions.

Finally it concludes by suggesting that the introduction of a creative industries policy has inadvertently encouraged an emerging reconceptualisation of the cultural industries, particularly arts practice: culture as business, not, the 'Tate' effect, aesthetic peer group determined public culture.

### **A Contorted and Torturous Definitional Historical Discourse**

The body of work is posited on successive United Kingdom (UK) national governments and their agencies defining and redrawing boundaries resulting in continuous public cultural policy and practice turbulence since 1945, commencing with the establishment of the Arts Council of Great Britain (Pick and Anderton). The pragmatic determination of these boundaries that is definitions, with no obvious rationale for inclusion or exclusion, lends itself to an interpretation of a public sector domain engaged in restrictive cultural practice; that is boundaries are constrained enough to match the level of available resources at any given time. It is the government administrative machinery responding to national policy by providing manageable and controllable categories, classifications and frameworks for the allocation of public funds rather than a rational empirically informed inclusive system, hence measurable, which conforms to the requirements of evidence based policy (Solesbury). Urban regeneration (Roodhouse and Roodhouse) and the creative industries (Roodhouse, *Designer Fashion* and *Essential Facts*) by the New Labour administration exemplify this practice.

The impact of this continuous boundary redefinition through national government machinery and by political parties for the arts, creativity and culture works against cohesion, interaction and connectivity although much is said by politicians about “joined up policy and action”. In particular, it encourages isolationism between national, regional, local government and agencies by relying on departmentalisation and compartmentalisation as the organisational means of delivery. As an illustration, culture resides within the Department for Culture Media and Sport (DCMS) and is also found in the Foreign and Commonwealth Office who fund the British Council (British Council, *Britain’s Design* and *Creative Industries*), the Ministry of Defence which resources a substantial number of museums, galleries and musical bands, the Department of Trade and Industry which supports creative industries through the Small Business Service including the export effort of these businesses; the Department for Education and Skills (DfES) (Allen and Shaw) and the Higher Education Funding Council for England (HEFCE) which provides entry to work and workforce development in the cultural field (North West Universities Association). This incidentally excludes all the devolved cultural arrangements for Scotland, Northern Ireland and Wales.

This chaotic organisational pattern is replicated, at regional level, with DCMS sponsored Cultural Consortia, the Arts Council, the Museums Libraries and Archives Council (MLA), the Sports Council, the Tourist Boards, Sector Skills Councils (SSCs), and local authorities along with the Regional Development Agencies (RDAs), Small Business Service, including Business Link, not to mention the plethora of sub-regional intermediaries funded from the public purse, all pursuing differing cultural agendas, definitional frameworks (Hamilton and Scullion). Although attempts are made at overarching regional strategies, there is not as yet a shared understanding of and agreement to a definitional framework to operate and evaluate the effectiveness of these strategies. This leads, for example, to data collection replication which requires additional resource allocated for coordination.

These issues were foregrounded by the 1997 “New Labour” government engagement in the creative industries concept, claimed to be a significant contributor to the UK

knowledge economy (DCMS, *Task Force Report and Mapping Documents 1998 and 2001*). This concept generated by Leadbetter and Oakley is a contemporary reinvention of “Old Labour” GLC oriented cultural model. The Labour controlled GLC provided a significant challenge to the definitional status quo in the early 1980s at a time of high unemployment, significant industrial decline, and diminishing public funds for the arts by re-introducing the cultural industries model derived from social science and popular culture theorists such as Bourdieu. The introduction of the cultural and creative industries exemplars gave rise to a re-appraisal of the role and function of the ‘traditional’ arts, in economic terms (Myerscough), and in relation to new technologies such as instant printing, cassette recording and video making (O’Connor). So the concept of culture as an industry in a public policy context was introduced. The arts, described by the GLC as the ‘traditional arts’, were subsumed into a broader definitional framework which included “the electronic forms of cultural production and distribution – radio, television, records and video – and the diverse range of popular cultures which exist in London” (Greater London Council). The eventual successor body, the London Assembly and the executive Mayor of London have rekindled the theme (London Development Agency) this time with a focus on intervention in the creative industry networks and linkages. However, the creative industries development is derived from a longer history associated with defining and redefining the arts as an industry sector (Roodhouse, *Interculturalism*; Calhoun, Lupuma and Postone) and the relationship of the arts and media as cultural industries for example which others have addressed (O’Connor; Throsby; Pratt, *The Cultural Industries*; Garnham).

The successor creative industry concept generated by DEMOS (Leadbetter and Oakley) constructed as a component of the knowledge economy model, can be found in one (Cunningham) of four key policy themes for the DCMS, that is, economic value. It can be argued that the theme of economic value is a maturing of the Thatcherite ethos that is efficiency, effectiveness, value for money, and market forces. Smith, the first New Labour Secretary of State for Culture Media and Sport, reinforces this interpretation: “ensuring that the full economic and employment impact of the

whole range of creative industries is acknowledged and assisted by government” (Smith). It was after all a continuation of the cultural economic rationale developed earlier by Walpole who was a strategic adviser to the Greater London Council in the 1980s when Ken Livingstone was leader and supported the establishment of a cultural industries strategy to counter unemployment in the city and create a rainbow coalition of new voters.

The government through the Creative Industries Taskforce, chaired by Smith defined the creative industries boundaries. The definition employed is largely pragmatic with little in the way of a rationale (Roodhouse, *Designer Fashion and Essential Facts*): “those activities which have their origin in individual creativity, skill and talent, and which have a potential for wealth and job creation through the generation and exploitation of intellectual property” (DCMS, *Task Force Report and Mapping Document 1998*). The industrial activity sub sectors within which this activity primarily takes place are: “advertising, architecture, the art and antiques market, crafts, design, designer fashion, film, interactive leisure software, music, the performing arts, publishing, software, television and radio” (DCMS, *Task Force Report and Mapping Document 1998*). The representation of these activities as the UK creative industry sector generates structural and intellectual location tensions, for example architecture relates to construction and marginally engages with the arts and antiques trade, similarly, the arts and antiques trade has little or nothing to do with interactive leisure software. It is an emerging policy construct the DCMS has yet to embed both intellectually and practically in the consciousness of those working in the field. As a consequence the concept has more in common with the developing global economic interest in the knowledge economy (Leadbetter and Oakley; Howkins; Caves; Florida) than the DCMS designated constituent activities that is the 13 sub sectors established in 1998 and referred to earlier in this paragraph.

Of particular note in this definitional discourse is the equitable inclusion of both public and private sector activity in public cultural policy by re-designating cultural activity as creative industries; and engaging with convergence arguments generated through advances in technology (Flew; Cunningham, Hearn, Cox, Ninan, and Keane).

Fundamentally this growing re-conceptualisation facilitates a reassessment of the traditional forms of policy intervention in support of the arts and culture (Roodhouse, *Creating a Sustainable Culture*). As elaborated by Cunningham (Cunningham) the term creative industries offers a workable solution that enables cultural industries and creative arts to become enshrined within a definition that breaks down the rigid sustainability of the long-standing definitions of culture and creative arts, to create coherency through democratising culture in the context of commerce, whereby creativity can become coupled alongside enterprise and technology to become sectors of economic growth, through the commercialisation of creative activity and intellectual property. Cunningham confirms:

Creative Industries is a term that suits the political, cultural and technological landscape of these times. It focuses on the twin truths that (i) the core of ‘culture’ is still creativity, but (ii) creativity is produced, deployed, consumed and enjoyed quite differently in post-industrialised societies. (Cunningham)

This move from a traditional arts definition established by the Arts Council of Great Britain and successor bodies, “the arts for arts sake” argument (Jowell).

### **Economic and Statistical Parameters**

Attempts have been made, by cultural economists, statisticians and cultural geographers largely since the early 1980s (Myerscough; O’Brien and Feist; Pratt, *The Cultural Industries*; Jeffcut), to arrive at suitable categorisations for the sector. Pratt for example argues that value chain and domain categorisation is a useful mechanism. This approach generalises the problem and reduces the importance of sub sectors specifying the activities within them. Whilst Jeffcut, from a knowledge management perspective suggests that the only way to understand the industry is as a cultural ecology. This relationship and interaction approach side steps the key issue which is a detailed explanation of the sub sector activity categories. Cunningham and particularly



Hearn (Hearn, Pace, and Roodhouse) take this further by engaging with a value chain ecology which relies on a thorough understanding of networks and shared detailed classifications developed by the author. What seems to have emerged from this work is a recognition that the Office for National Statistics' (a UK government agency) Standard Occupational Classification (SOC) and the Standard Industrial Classification (SIC) provide a common, imperfect, but nevertheless verifiable structure to collect and analyse data which corresponds with European, North American and Australasian systems. For example Table 1 provides an integrated definitional model based on the Australian SIC and SOC system used recently to collect primary baseline data on the music sub sector of the creative industries in Queensland, Australia (Cox, Ninan, Hearn, Roodhouse, and Cunningham). CIRAC is the Creative Industries Research and Applications centre at the Queensland University of Technology which has taken a lead in Australia in mapping the creative industries and created a further deeper level of classification. The Australian SIC and SOC system is known as ANZSIC and ANZSOC which is very similar to the EUROSTAT system. Finally the Australian Office of Statistics has established a Bureau of Leisure and Cultural Statistics and this group has provided a 5 digit coding classification for culture. These classifications are included in table 1 and for the purposes of illustration focused on music.

*Table 1: CIRAC, ACLC, ANZSIC Business Activity Concordance Table*

CMIC (1)	ACLC (2) AND UKSIC EQUIVALENTS	ANZSIC (3)
1. Music Composition (incl. Composers and Songwriters)	231 Music Composition <i>92.31 Artistic and Literary Creation and Interpretation</i>	9242 Creative Arts
5. Record Company or Label	233 Record Companies and Distributors <i>22.31 Reproduction of Sound Recording</i>	2430 Recorded Media Manufacturing and Publishing
		4799 Wholesaling n.e.c.

Source: CIRAC, 2004.

However economists and statisticians who are expected to quantify the creative and cultural industry and/or arts activity to provide informed data for policy evaluation and development continue to be dogged by this tortuous and contorted definitional history (Barrière and Santagata; Evans). The weakness and inconsistencies of the definitional frameworks, for example, become apparent when used to quantify and determine the value of artistic and/or aesthetic activity. It requires a shifting from generalised descriptors and categorisations such as advertising to specific analysis of its component parts. Authors such as Baumol (Baumol and Baumol) and Heatherington (Heatherington) who are interested in understanding the economics of the sector with assertions that aesthetic pleasure has at least as much value as the difference in returns between works of art and financial assets quickly find that there is no common understanding of art or aesthetics. This leads, to the ultimate question – how to define a work of art.

Another issue for economists studying the cultural industries is the differentiation between artistic and industrial goods. Part of the difficulty here is that the total assimilation of art to commodities creates serious problems because art goods escape the standard rules of utilitarian market exchange (Barrière and Santagata). The consequences of this failure to engage in establishing common workable definitions is summed up by Towse in considering the visual arts (The Arts Council of England, *Artists in figures* 7): “The main point is that whichever definition is used, it is bound to produce different research findings.” This has led over time to “the paucity of alternative data sets with which to test the assertion(s) in practice” (2). Consequently even if the definitional jungle referred to can be avoided, there are difficulties in successfully locating cultural product within the accepted norms of economic practice. The fault line for cultural economists in delivering convincing economic analysis is the lack of clarity and consistency in defining cultural practice.

### **New Labour Creative Industries Claims**

Nevertheless, the DCMS, 28 years after the UNESCO report published an audit in 1998, with a follow up in 2001 based on this secondary data: the Creative Industries Mapping Documents (1998 and 2001), which claimed that these industries generated £57 billion (1998) and £112 billion (2001) revenues, and employment of circa 1 million (1998), and 1.3 million (2001) described in Table 2 by sub sector: [I should have said earlier that of course the choice of activities was and remains controversial – why is the antiques trade ‘creative’ but museum exhibitions attracting millions of tourists not included?]

*Table 2: UK Creative Industries Headline Data, 1998 and 2001*

Activity	Revenues (£ Bn)		Employment (Thousands)	
	1998	2001	1998	2001
Advertising	4.0	3.0	96,000	93,000
Architecture	1.5	1.7	30,000	21,000
Arts and Antiques	2.2	3.5	39,700	37,000
Crafts	0.4	0.4	25,000	24,000
Design	12.0	26.7	23,000	76,000
Designer Fashion	0.6	0.6	11,500	12,000
Film/Video	0.9	3.6	33,000	45,000
Leisure Software	1.2	1.0	27,000	21,000
Music	3.6	4.6	160,000	122,000
Performing Arts	0.9	0.5	60,000	74,000
Publishing	16.3	18.5	125,000	141,000
Software/ Computer Services	7.5	36.4	272,000	555,000
Television and Radio	6.4	12.1	63,500	102,000
Total	57 bn	112.5 bn	C. 1 mio.	1,322,000

Source: DCMS, *Creative Industry Mapping Documents*, 1998, 2001.

There are the usual health warnings associated with these statistics and recommendations for further work to be carried out in collecting and verifying the data underpinning the document. In particular it recommends: “Continuing to improve the collection of robust and timely data on the creative industries, based on a common understanding of coverage” (DCMS, *Mapping Document 2001*).

The data in interactive leisure software, designer fashion (Roodhouse, *Designer Fashion* and *Essential Facts*), and crafts sub sectors was identified as particularly weak. When considering this matter at the regional level, the position is dismal, with

little information available (Department of Arts Policy and Management). Consequently one of the key issues identified was: “The need for more mapping to provide a better picture of what is happening on the ground and help inform policy development. The mapping also needs to be based on a common understanding of the coverage of the creative industries” (DCMS, *Mapping Document 2001*).

However, the DCMS has recently developed a regional cultural data framework (I. Wood). This has yet to be accepted, not least because it does not universally conform to the national data collection classifications, relies on generalised notions of domains and a limited interpretation of value chains. This can only be perceived as a fundamental structural weakness, when increasing emphasis is placed on evidence based cultural policy and comparative international benchmarking. Despite spasmodic attempts (O’Brien and Feist; Davies and Lindley), the paucity of empirical evidence available and the structural weakness of the definitional frameworks to inform cultural policy, management or practice particularly in the fields of museums, galleries and the creative industries (Roodhouse, *Designer Fashion* and *Essential Facts*) to support the formulation and development of policy at local, regional (Devlin, Gibson, Taylor, and Roodhouse, “Cultural Industries Research Project” and “Cultural Industries in Rotherham”; Roodhouse and Taylor) and national levels continues.

### **Sources of Data**

Much of the statistical evidence, however, used by the public sector agencies and government departments referred to earlier is traced to national census data, the Department for Education and Skills’ labour force survey, and new earnings studies along with several studies by the Office for National Statistics. EUROSTAT, on behalf of the European Union, has also been generating information in this field. It is, however, in reality secondary data when used in the context of the creative industries, with all the inherent weaknesses of such an approach (Department of Arts Policy and Management). This becomes worse with questionable sources when consideration is

given to the data employed to support the DCMS creative industry mapping documents (Roodhouse, *Creating a Coherent* and *The new global growth*). Much of this information is unverifiable, collected over differing periods of time, using unrelated methodologies. The Department has attempted to sift through these sources and select on the basis of compatibility. This process, however, reinforced the difficulties of using a variety of unverified sources which are not collected in a commonly defined framework. Smith confirmed however that collecting and analysing data to underpin creative industries policy is problematic, and past claims difficult to substantiate (DCMS, *Task Force Report* and *Mapping Document 1998*):

One of the problems in this whole area is that the precise figures (for the creative industries) are hard to come by. Many of these areas of activity are of course dominated by small and medium sized companies almost working on a cottage industry basis, with a handful of big players striding amongst them; it is a pattern that makes definition and accurate counting very difficult but even more essential if public policy is to be maintained (Smith).

Rather worryingly, a similar view was expressed as long ago as 1970 in the UNESCO report, *Cultural Policy in Great Britain* (Green, Wilding and Hoggart).

## **Implications**

It remains the case that in the United Kingdom, Europe and Australia there is no consistent definitional framework and resultant verifiable and reliable data available to assist cultural managers and policy makers. This for example calls into question the accuracy of the claims made for the creative class (Florida).

The most recent UK inspired policy initiative, the creative industries, which places significance on individual creativity as an economic wealth generator and contributor to the development of knowledge economies, fails to recognise for example the

specific visual arts contribution within the current DCMS creative industries sector definition and to make matters worse the government quango the Arts Council of England has additionally confused the picture by defining visual arts as a specific practice alongside crafts, architecture and fine art. There is equal confusion when economic and occupational definitions are considered as these do not marry with each other or the market approach found in the DCMS creative industries definition.

What is required is the identification of criteria by which judgements can be made derived from the commonalities to be found in the international definitional landscape involving practitioners, economists, statisticians, cultural managers and policy makers. This points ultimately to “biting the bullet” and engaging in establishing criteria to define activity such as sculpture.

Unless we are consistent with definitional frameworks the data used by cultural managers will always remain unreliable, suspect and partial. Are cultural managers satisfied with this and the reliance on questionable data to inform policy, advocacy and management decisions? For example, measurement of performance relies on a definitive baseline to start from, in other words if we do not have a common understanding of what say the visual arts are or what an artist is, how can we measure investment and results?

There is a case to consider the importance of creative industries as a defining mechanism for society. In other words, arguing for coherence and convergence, creative industries as a manifestation of society, the richness in diversity concept. By taking this stance it is possible to incorporate the wider issues that concern society, such as the environment, urban regeneration, social cohesion and community development. The other matter, which complicates these definitional debates, is how and who decides what art is, including aesthetics. In other words many of the public agencies such as the Arts Councils, Design Councils and Film Councils are charged with doing just this by promoting the creative industries making excellence accessible and educating society. While this may be admirable it poses problems such as, what is excellence in the creative industries, determined by whom and using whose criteria? In

other words the established national agencies have been given within their remit the task of determining our corporate sense of aesthetic. Is this right?

Quite apart from facing up to defining or not aesthetics in the creative industries, we have yet to adopt a sensible approach to creativity in non-creative settings. Quite apart from this a significant sector, museums galleries and the heritage are excluded from virtually all published definitions of the creative industries, which is difficult to rationalise. The emerging definitional framework debate can be characterised as a struggle between the aesthetic (elitist) versus business (democratic) models.

An alternative to these approaches is to,

- collect data defined by product, service and /or process;
- recognise a spectrum of activity free of aesthetic judgement and intervene on a business, research and development basis.

Ultimately, it may be necessary to insure that activities encompassed in whichever creative industries definitional framework is ultimately used, are derived from the directly affected constituencies and stakeholders by attempting to consistently describe what they actually want.

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## **Deconstructing the Concept of ‘Creative Industries’<sup>1</sup>**

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### **Introduction**

‘Creative industries’ and ‘cultural industries’ are terms that tend to be used interchangeably by UK policymakers. However their meanings and uses are in fact very different. In this paper we will be exploring the differences between the two and arguing that, despite how influential it has become, the creative industries definition adopted by the British government is ill conceived in relation to culture.

First, it confuses or conflates culture and creativity, two quite different concepts. This is partly because of terminological confusion about the word culture, which we will look at later in more detail. Second, we argue that the UK creative industries definition is wedded to notions of the knowledge economy, within which culture is valued primarily for its economic contribution. The result is a creative industries definition that fails to take account of the importance and distinctiveness of culture – in policy terms the creative arts have been subsumed within a concept which, as we shall show, has no cultural content at all.

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<sup>1</sup> An extended version of this paper will appear in the *International Journal of Cultural Policy* 13.1 (2007).

While a lot of the arts world is very pleased to be included in the creative industries, there is also uneasiness about where the arts sit within these. This has been presented as the arts' distaste for the world of commerce – in other words a tension between the subsidised and the commercial (Hesmondhalgh and Pratt). We think this is oversimplistic. The economy of the arts is mixed: the publicly funded and commercial have a complex inter-relationship and UK cultural policymakers have engaged with this reality for years. It is a naïve idea that this is something the creative industries agenda has thrust upon them.

In our view the uneasiness is more because of the perception that the rationale for publicly funding culture, and more narrowly, the arts, is being undermined. We will present this argument and look at some of the implications for cultural policy of the creative industries concept. First, we will look at what the different notions cultural industries and creative industries represent in policy terms. We will then turn to the differences between the two definitions, in particular comparing the complexity of Throsby's definition of the cultural industries, with the official UK definition of the creative industries (Throsby, *Economics*).

### **Origins of the Two Terms**

Adorno and Horkheimer originally coined the term cultural industry to make the distinction between the traditional artisan based creative arts and industrially produced cultural forms (*Dialectic of Enlightenment*). The arts were specifically not part of the cultural industries. The term 'cultural industries' which developed from this – referring to the 'classic' cultural industries of film, recorded music, broadcasting and publishing – was deployed to incorporate these forms of commercial entertainment, mass produced by industrial methods, as an object of government cultural policy. This was the sense in which the cultural industries became a subject of interest to the French government, and to UNESCO in the late 1970s and 1980s (Garnham; Towse, *Cultural Economics*; Flew).



By adopting the phrase ‘creative industries’ Britain’s New Labour government were doing the reverse: in other words bringing the creative arts into an economic policy agenda. New Labour purposefully adopted the term creative industries to replace ‘cultural industries’ because it was regarded as a ‘unifying’ and ‘democratising’ notion. As a rhetorical device, it bridges the divide between ‘high’ and ‘low’ culture – between the mass market, popular cultural products of the cultural industries and the high art of the creative arts, now branded ‘elitist’. It also bridges the divide between ‘art’ and ‘industry’ – between the demarcations of what is ‘publicly supported’ and what is ‘commercial’. It thereby provides a holistic approach to cultural production in its entirety, overcoming, at least conceptually, the traditional division of responsibility for culture within UK government, split between the Department of Trade and Industry and the Department responsible for Culture – previously Education, then DNH and now the DCMS.

It has been described by Andy Pratt and others as representing the ‘re-branding’ of culture by the New Labour government (Flew; Caust; Pratt, *The Cultural Economy*). The question we raise is whether this *is* simply a change in language, a branding exercise, or whether it signals a more significant change in policy approach to culture.

## **Definitions**

The terminological clutter that surrounds the term culture is to some extent responsible, in our view, for the failure to adequately consider the differences between cultural and creative activities. In particular, there is an assumption that there is nothing distinctive about creativity in the cultural sphere. Most definitions of the cultural industries are based around a combination of five main criteria – creativity, intellectual property, symbolic meaning, use value, and methods of production.

### *Creativity*

Cultural and creative industries are often described as those that are based upon individual creativity, and creativity is the key ingredient in official UK documents (see below). However, this would seem, almost tautologically, to define the ‘creative industries’, since any activity that involves creativity would necessarily be ‘creative’ (Pratt, *Cultural Industries* 33). Defining ‘creative industries’ against such a measure is, if nothing else, far too wide to be useful for any purpose. Any innovation – including scientific and technical innovations – of any sort in any industry is creative, and, in such terms, any industry is, therefore, potentially a ‘creative industry’. Conflating cultural creativity with all other forms of creativity fails to take adequate account of important differences between cultural and creative industries, a point we address below.

### *Intellectual Property*

Intellectual property allows people to own the products of their creativity and therefore to exercise both economic and moral rights over these products. Towse comments that in the UK, copyright is now viewed as the ‘organising principle’ for the creative industries and is the basis for defining the cultural industries (*The Cultural Industries* 170).

However, it is equally clear that defining creative industries by their ability to generate intellectual property runs up against the same problem as defining them by using ‘general’ creativity – many types of creative activity, including science, engineering, and academia, generate intellectual property. We also believe that defining the cultural sector by its ability to generate intellectual property is again too wide-ranging, since it again fails to identify adequately the distinctive aspects of the cultural sector.

We should recognise that advocates of the ‘knowledge economy’ model, such as Howkins (*Speech to the Inception Session*), do argue that the term ‘creative industry’ *should* apply to any industry where ‘brain power is preponderant and where the

outcome is intellectual property' (Howkins 2). They argue, on this basis, that the boundaries of official DCMS definitions (the UK government Department for Culture, Media and Sport, DCMS) should be extended to include both business and scientific creativity.

This 'everything is creative' argument also underlies the UK government's approach to creative industries, which it defines as

those industries which have their origin in individual creativity, skill and talent and which have a potential for wealth and job creation through the generation and exploitation of intellectual property.<sup>2</sup>

There is a sharp conflict between this view, which sees cultural production as just one type of creativity, and the alternative view that culture and cultural products are something distinctive. For adherents of the latter view, however, definitions based on concepts of creativity and/or intellectual property alone do not adequately explain what is 'cultural' about the 'cultural' or 'creative' industries. These writers place value on a third concept, 'symbolic meaning'.

### *Symbolic 'Goods' or 'Symbolic Meaning'*

The 'everything is creative' approach is opposed by writers who place value on the concept of 'symbolic meaning'. For these commentators, the generation, or communication, of symbolic meaning is the defining concept of culture and the economic value of goods is derived from, or reflects, their cultural value. In his 2001 study, *Economics and Culture*, Throsby examined the etymology of the term 'culture'. Drawing on the work of Raymond Williams (*Keywords; Culture*), he showed that, while it was originally defined in terms of cultivating the soil, the meaning of culture was later refined to encompass individual intellectual and artistic cultivation: it is for

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<sup>2</sup> *Creative Industries Mapping Document* prepared for the DCMS Creative Industries Task Force, October 1998.

this reason that we continue to refer to a person who is conversant in the arts as ‘cultivated’ (Throsby 3). In its original sense, therefore, culture was used to describe activities that contributed to the intellectual and artistic development of individuals.

However, during the nineteenth century the use of the term ‘culture’ was expanded, and it began to be applied in a wider sense, to describe the set of beliefs held in common by different societies. In the context of nineteenth-century nation building in particular, the term began to refer particularly to the development of individual nations. It thus evolved from describing the intellectual development of the individual, and began to be applied to describing features such as the belief system, customs, expressions, and so on, of a people or society. Subsequent development of this latter usage simply extends this definition further, and it has come to be used at a more micro level to describe a set of attitudes, expressions and customs common to or shared by groups within societies. For example, we now commonly talk about a ‘drug culture’, ‘youth culture’, and, at the very micro level, even of companies having a ‘corporate culture’.

However, it is also clear that, whatever group of people within society is under discussion, producing culture is essentially about generating and communicating some type of meaning. Thus O’Connor defines the cultural industries as ‘those activities which deal primarily in symbolic goods – goods whose primary economic value is derived from their cultural value’ (O’Connor 5). This definition, then, includes what O’Connor calls the ‘classical’ cultural industries – broadcast media, film, publishing, recorded music, design, architecture, new media – and the ‘traditional arts’ – visual art, crafts, theatre, music theatre, concerts and performance, literature, museums and galleries – all those activities which have been eligible for public funding as ‘art’ (O’Connor 5).

### *Use Value*

Others, including Bilton and Leary (*What can managers do*) and Martin (*Defining Culture*), while agreeing on the importance of symbolic meaning, differ from O'Connor by considering a fourth concept, that of 'use value' to be the defining characteristic. Symbolic goods and services have as 'first use' the communication of ideas, rather than a functional value. So while activities which produce books, films, plays, music are part of the cultural industries, those such as fashion design, advertising and architecture, where there is symbolic content, but where functionality comes first, are not considered to be part of the cultural industries.

Throsby (*Economics and Culture*) presents a definition that combines all three concepts looked at so far, and also incorporates the issue of 'use value', allowing consideration of both the economic and cultural sides of the cultural industries. He argues that:

1. the activities of the cultural industries involve some form of creativity in their production;
2. the cultural industries are concerned with the generation and communication of symbolic meaning; and,
3. their output embodies, at least potentially, some form of intellectual property.

Taking the first two conditions together would seem to define the cultural industries. The first condition means that the activity involves some type of creativity, while the second limits this to symbolic meaning, importantly excluding the generation of scientific or functional knowledge. In Throsby's view all three conditions are necessary to decide whether an industry is part of the cultural industries, and while they provide a clear set of criteria for doing so, in practice there are considerable difficulties involved in deciding whether, and to what extent, individual activities are 'cultural industries'.

Throsby extends his analysis to define a three-fold classification of cultural industries. At the centre of this industry model lie creative arts such as music, dance, theatre,

literature, visual arts, crafts, plus newer forms such as video art and multimedia. He argues that the principal purpose of these industries is to generate and/or communicate meaning about the intellectual, moral and/or spiritual behaviour of the individual and/or the beliefs, values, norms, and other expressions of groups in society. We may disagree about the extent to which individual productions achieve this end, but these industries should properly be defined within the cultural sector because generating and communicating meaning is the main output of each.

Throsby next extends his approach to include a wider set of activities centred on the creative arts, and it is at this point that difficulties begin to appear with regard to the proper definition of culture. He broadens his definition in two ways. The first involves extending the boundaries of the cultural industries to include industries that operate essentially outside the cultural sphere, but where some cultural input into final production may be required. Advertising, design and architecture, for example, in addition to producing culture as discussed above, may also in some instances use material drawn from the creative arts as inputs into final products. In doing so, it could thus be argued that they generate and communicate symbolic meaning.

This, however, suggests that culture is used as an input into the production process of other industries. If, for example, an advertising campaign uses a reference taken from a painting, then it uses the output of a cultural industry to produce its own output. Industries that use cultural output may thus help to propagate culture, but since they do not themselves *produce* culture, they are not a part of the cultural industries.

Throsby's second extension is to include industries that produce goods which involve some degree of cultural output, but where it is difficult to ascertain the proportion of cultural and non-cultural output – in economic terminology, these activities produce 'joint goods', and it is at this point that more substantial difficulties begin to appear with regard to the proper definition of culture.

*Joint Goods*

This includes industries that may produce some cultural goods in the sense used above, but where industry output also involves the production of non-cultural goods – that is, the proportion of ‘core’ cultural goods is lower than in the creative arts. Throsby here is addressing essentially the same point identified by both Bilton and Leary (*What can managers do*) and Martin (*Defining Culture*). However, while they argue that it is possible to define precisely whether a good is cultural or functional, Throsby’s argument recognises that for many goods it may be difficult to ascertain the proportions of cultural and functional value.

One example of this would be architecture, where the design of buildings may make cultural statements that extend beyond purely functional aspects. We would then have to decide what proportion of this output is ‘cultural’ as opposed to ‘functional’. Similarly, advertising and design may produce genuinely cultural statements, and the value created is both cultural and non-cultural. Clearly the balance is extremely difficult to identify.

*Terminological Clutter*

However, difficulty in identifying the balance between the cultural and functional output of any commodity is not the only problem here – a second arises from terminological clutter. We discussed earlier how the use of the term culture has broadened over time. This has now created the problem that it has become increasingly difficult to agree on where to draw the line.

For example, Flew (“Beyond ad hocery” 13) discusses the way in which the use of the term has been extended over time, and points to the definitional problems that this creates. If we define cultural industries as those involved in the production of symbolic goods and services, he asks whether it is now “possible to exclude any activity of industrial production that has a symbolic content? Is the design and production of a Coca-Cola can a part of the cultural industry” (Flew 13).

The problem arises from the way in which the term itself is now increasingly used in an anthropological sense to describe aspects of everyday life. Flew argues that this development has its roots in the notion that culture (in this sense) is becoming an increasingly important part of everyday life, particularly with regard to consumption of goods and services – consumers are argued to use increasingly commodities to construct a personal identity, a process which Lash and Urry (*Economies* 61) call “the semiotisation of everyday life”. So,

Culture is thus recast from a distinct sphere of social life to something that permeates everything, from the design of urban spaces, offices, means of transport and communication ... to the promotional strategies of corporations and increasingly governments (Flew 2).

Used in this sense, we might equally conclude that ‘everything is cultural’ and that the term is used in such a wide sense that it is impossible to assign it any actual meaning.

### *Production Methods*

The importance of production methods to an understanding of the cultural industries was first identified by Adorno, who distinguished between those cultural industries that employ industrial technology and modes of organisation to produce and distribute cultural goods and services, *which are themselves* produced by largely traditional or pre-industrial means (such as books and records), and those where the *cultural form* is industrial (such as newspapers, films and television programmes) (see Garnham).

It is often a combination of symbolic meaning and industrial-scale production methods that is understood to characterise the cultural industries (Garnham; Hesmondhalgh). This definition produces a list of what are often regarded as the ‘classic’ cultural industries, namely film, broadcasting, publishing and recorded music. Towse (*Cultural Industries* 170) describes the cultural industries as those which ‘mass-produce goods and services with sufficient artistic content to be considered creatively and culturally significant. The essential features are industrial-scale production combined with



cultural content'. Reviewing the cultural economics literature of the 1990s, Towse notes that as the 'creative arts' do not employ industrial-scale production methods, they are typically excluded from definitions of the cultural industries deployed by cultural economists.

For Hesmondhalgh (*The Cultural Industries* 12) 'the core cultural industries deal with the industrial production and circulation of texts (the production of social meaning) and are centrally reliant on the work of symbol creators' (his term for artists). Hesmondhalgh's list of core cultural industries therefore excludes the creative arts, but includes: advertising and marketing, broadcasting, film industries, internet industry, music industries: recording, publishing and live performance, print and publishing including books, video and computer games. For Hesmondhalgh the creative arts – including drama and visual arts – are 'peripheral' cultural industries; while they are centrally concerned with the production of texts (symbolic meaning), they use semi-industrial or non-industrial methods of production.

This understanding, based on industrial production methods, was the one on which UNESCO based its enquiry into the cultural industries in the late 1970s and early 1980s. Significantly, UNESCO placed the issue of political and economic *control* of the technological and industrial production of culture central to the question of cultural development, particularly in developing countries. There is therefore a direct line between UNESCO's early analysis of cultural industries and current debates around the notion of 'cultural rights' and the protection of cultural diversity (UNESCO, *Cultural Industries; Convention on the protection*). This is based on an understanding of the distinctiveness of cultural goods and markets and the consequences of market failure.

In light of the above discussion it should be clear that we doubt whether the production method is itself a sufficient basis on which to define those activities that produce culture. It is evident that *either* industrial or artisan methods can produce culture. For example, a stage production of Don Giovanni and Losey's film of Don Giovanni are simply different ways of presenting the same Mozart opera – defining cultural

industries by production method simply loses sight of *what* is being produced. However, it is the mass character of production that allows cultural industries to dominate consumption, and the structure and organisation of these industries that raises issues of ‘gatekeeping’ and control (Grant and Wood; Caves). Production methods don’t define what culture is, but are crucial for explaining why these industries must be considered part of cultural and not just economic policy.

### **Culture and the Knowledge Economy**

The increased use of the term culture in the anthropologic sense discussed above, and the absorption of the cultural industries within the wider creative industries agenda, are both related to increased interest in the so-called ‘knowledge economy’. Analysis of the knowledge economy suggests that competitive advantage is increasingly derived from investment in intangibles, particularly information. Such information may be functional or scientific, but certain of the trends discussed above (e.g. a more sophisticated consumer demand) have led to suggestions that knowledge-intensity is an increasingly important competitive device in a wide range of consumer markets. One information set that, it is argued, increasingly underlies competitive advantage in such markets is the anthropologic type of cultural information discussed earlier.

Much has been written on how the knowledge economy affects the cultural and creative sectors (Flew; Cunningham). But what is most relevant for present purposes is that increased interest in leveraging the economic potential of knowledge is clearly a further reason why the distinctive aspects of the cultural sector have been subsumed within the wider creative industries agenda – culture is now viewed as just one more ‘knowledge economy asset’.

The key problem, once again, is that discussed earlier – the failure to distinguish between cultural and other creative activities. This failure causes, in a policy sense, two problems. Firstly, it means that we lose the ability to measure the actual contribution that cultural (i.e. symbolic) goods make within the knowledge economy

context. For example, we do not know whether advertising or opera, both designated as ‘creative’ industries, has the more significant economic effect. More significantly, conflating culture with other creative activities again fails to recognise the distinctive aspect of symbolic culture. We now turn to address this issue.

### **Cultural Distinctiveness**

Two factors define the distinctiveness of cultural products, one political/ideological, the other economic. These factors differentiate cultural goods from the wider set of creative industries and have important consequences for public policy towards the cultural industries.

#### *Symbolic Ideas and Freedom of Expression*

We have argued above that cultural products are distinctive from other creative activities because they are about the production and circulation of symbolic ideas. Cultural activities thus play a central role in the freedom of human expression, and this provides a direct link to questions of democracy. Enshrined in the Universal Declaration of Human Rights, is the principle that every citizen should have the ability, through cultural participation, to freely develop their personality, and take part in the exchange of ideas (UNESCO, *Cultural Rights* 9). For this reason, we find ourselves agreeing with Dworkin’s proposition that the state, through cultural policy, has a role in ensuring that the “complexity and depth of forms of life” are open to the population now and for the future (Dworkin 232). This notion of cultural expression as a fundamental aspect of human freedom also underpins the UN Convention on the Protection and Promotion of the Diversity of Cultural Expressions (UNESCO, *Convention on the Protection*).

### *Market Failure in the Market for Culture*

The distinctiveness of cultural goods also has an important economic dimension, central to which are arguments that cultural markets suffer from various types of “market failure”. From the argument that arts and culture create both private and non-private values comes the notion that art and culture create benefits both for those who consume them directly (by attending a cultural event) and for those who do not attend. The notion that market failure affects cultural markets has a long lineage in the cultural economics literature (Throsby and Withers). The argument is essentially that, because of the existence of non-private benefits, the market mechanism working alone will fail to provide the amount of culture that society actually wishes to consume, and, importantly, is willing to pay for. This is the force of the recent statement by Baumol and Peacock, when they argue that “the arts confer benefits that people will experience whether they pay or not” (*A Manifesto* 2). O’Hagan expresses the same point as follows:

While the arts do provide a service that can be bought and sold in the market place... they also provide another benefit, a non-private benefit that cannot be sold in the market place. (O’Hagan 22).

Viewed from this perspective, market failure is a key justification for post-war state support for the arts – indeed, the establishment of Arts Council of Great Britain, can be considered as a form of ‘nationalisation’ of the cultural economy. While currently unfashionable in this post-socialist free market era, market failure arguments are none the less robust; at least robust enough for the UK government to support the UN Convention on Cultural Diversity in October 2005. It appears that a gritty acknowledgement of its shortcomings runs alongside an official acceptance of the free market principle.

These two aspects of cultural distinctiveness are crucially interlinked. Both the production and consumption of culture are severely restricted if left entirely to the market, and the ensuing limitation of the field of cultural participation and expression represents a significant democratic deficit both for individuals and society as a whole.

Recognising these distinctive characteristics of culture provides us with clear grounds on which to distinguish cultural industries from the wider notion of creative industries. Cultural activities, whose primary purpose is to communicate symbolic ideas and meanings, play a central role in our ability to communicate and thus in the freedom of human expression. The same cannot be said of industries such as fashion design, whose prime purpose is to persuade people to buy certain types of clothing, or advertising, whose prime purpose is to simply persuade people to buy more. The key outputs of the cultural industry are not found in other parts of the creative industries, however defined, and it is this distinctive contribution that is lost by policy stances which subsume cultural creation within the wider creative agenda.

### **Definitions in UK Policy**

Government interest in the ‘creative industries’ appears to stem from a belief that the UK has a strong track record in areas where individual creativity is important (in industries such as film and music), that the ‘creative industries’ have enjoyed high economic growth rates, and that this ‘creativity’ can be applied to the rest of the economy.

As we have seen, the highly influential DCMS definition of creative industries is based on two of the concepts discussed above: creativity and intellectual property. Scottish Enterprise (SE) in its ‘Creative Industries Cluster Strategy’ also uses the DCMS definition. When defining ‘creative industries’, SE (*Creativity and Enterprise* 4) advances the notion that ‘creative industries are those in which creativity fundamentally is the enterprise’. This could include any industry, however, and the meaning of the ‘creative industries’ is, to say the least, difficult to pin down. It is clearly extremely difficult, on the basis of the definition supplied by SE, to know the extent to which these industries are ‘creative industries’ and thus to develop an appropriate set of policy responses. It may include those specified by SE but, if the criterion for entry is that ‘creativity fundamentally is the enterprise’, then, as discussed

above, we could equally well include a range of other industries (see also Bilton and Leary 50).

The problem is that, while the cultural industries can be defined as those that generate symbolic meaning (as we have seen above), official definitions of the ‘creative industries’ make no reference to symbolic meaning and could involve *any* type of creative activity. Individual creativity could equally well include developing scientific innovations, yet industries that develop these are not typically included in definitions of the creative sector. The difficulty in identifying specific types of ‘individual creativity’ makes it very difficult to decide which industries are ‘creative’. Most importantly, in defining creative industries on the basis of creativity and intellectual property, the UK approach also fails to consider the nature of cultural creativity and so, as argued above, also loses sight of the distinctive public good contribution of culture.

Significantly, the UK’s ‘knowledge economy’ approach contrasts strongly with the definitions of cultural goods and services and of cultural industries proposed by UNESCO (*Convention on the Protection*). These combine the concepts of creativity and intellectual property with a strong emphasis on the importance of symbolic meaning, which means that cultural goods ‘embody or convey cultural expressions, irrespective of the commercial value they may have.’ (UNESCO, *Convention on the Protection* 5)

## Conclusions

In short, why does this matter? Well definitions matter because they have implications for theory, policy and its practical application. These issues raise questions for cultural policy in the UK and elsewhere. Critical examination of the British government definition of creative industries reveals a lack of theoretical clarity. If the creative industries, by definition, have no cultural content, then we have to ask, is this an error,

or have the distinctive attributes of culture been purposely overlooked by the UK government in favour of a knowledge economy approach?

It is hard to tell. But it was interesting to see the UK government supporting the UN Convention Protecting Cultural Diversity in October 2005. The Convention is founded on a definition of cultural goods and services developed with the advice of David Throsby, that has symbolic meaning at its heart. It is therefore in direct contradiction to the official UK creative industries definition. Was that a change of heart, or just a pragmatic vote for Britain's economic interests?

If the UK government does not recognise the distinctiveness of culture and cultural creativity, as the creative industries definition suggests, then does this also apply to government cultural policy? The creative industries agenda is one to which the UK Arts Councils and other cultural agencies are required to contribute. These agencies have intervened in the cultural economy for many years, but with cultural objectives. At a practical level, if not at a policy or rhetorical level, can these motivations be maintained or will they necessarily be over-ridden by economic concerns?

On the one hand government interest in the creative industries has clearly benefitted some aspects of the arts through the prioritisation of support for artistic production. But alongside an acknowledgement of these gains, is the view that in the longer run culture may be being repositioned and with it the established arguments for cultural funding.

If the essence of culture is the production and circulation of symbolic meaning or ideas – then there is a clear link to questions of democracy. The right to develop ourselves through cultural expression and participation are recognised as fundamental human rights. From this recognition flows a clear role for government cultural policy. But this is not acknowledged or addressed by the creative industries paradigm.

Similarly the generation and communication of ideas within society is arguably restricted if left entirely to the market. Market failure has been an important justification of government support for the arts in post war Britain. The cultural

industries concept took this on, arguing for a cultural policy for industry or, alternatively, an industrial policy informed by cultural objectives. However the creative industries agenda ignores this. In our view, without an acceptance of cultural distinctiveness the whole context in which government support is debated and assessed is altered and an understanding of the public benefits of culture, those that cannot be captured by markets, may be diminished.

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## Methodology and Ideology in the Evaluation of Cultural Investments

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The social impact of cultural institutions, their programmes and events is an imprecise concept, used in multiple ways by government agencies, cultural institutions, and researchers (AEA Consulting). At least in the UK,<sup>2</sup> there has been a growing tendency to link cultural sector usage of the term, social impact, to questions of social exclusion (Policy Action Team Ten; DCMS, *Libraries*; Social Exclusion Unit, *Preventing*), but it is clear that the question of impact goes beyond this. The description and analysis of the current state of social impact knowledge within the cultural field must begin from the following four basic structural features:

1. There is no benchmark classification (Boyne, “Classification”) of cultural institutions, their programmes and events.<sup>3</sup>

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<sup>1</sup> I must thank ITI-RI of the Marc Bloch University, Strasbourg, for providing me with the space and time to develop this work and what comes after it.

<sup>2</sup> This is the first publication deriving from a comparative research project, sponsored by the Durham University Office of the Partnership Venture Fund and Culture North East. The project aims to assess current methodological developments in cultural evaluation, and to develop some French and German case studies for comparative purposes.

<sup>3</sup> There is some work in the European context which is relevant. The Eurobarometer survey of cultural participation in 2002 appears to have been a ‘one-off’ and sought very little discrimination in its broad categories. Allin reports in 2004 on a serious attempt by European statisticians to work on this issue in the late 1990s, but having agreed a framework the problem was they had no substantive statistics to illustrate its utility, and the project ended without a future strategy partly due to a lack of political support. He also notes progress being made within the Eurostat system by the Audio-Visual Statistics Working Group. Madden (“International Comparisons”) provides a survey of current issues, and a checklist for cross-national comparison work. David Coish (“Census metropolitan”) has also done useful work on the culture industries for Statistics Canada. Finally, it

2. There is no reference list of the social groups impacted upon, either potentially or actually, by the cultural sector.
3. Paradigmatic clarity with respect to the political, social and psychological processes which structure the sector's engagement with and impact upon social groups and their members does not exist.
4. There is no clear understanding of the permanence, duration or fragility of the social impact of cultural institutions and events.

Individual cultural institutions have collected information about their own particular operations, sometimes for a number of years, but aggregation of this data is substantially beyond present methodological and resource capacities. In the UK, there have been five or so serious general studies (as opposed to project specific evaluations) of the social impact of cultural institutions and events (Matarasso; Hooper-Greenhill et al., *Museums and Social Inclusion* and *A Catalyst for Change*; Bryson et al.; Long et al.). There is scattered work in other places, including California (Mataraza et al.), Canada (see Brault), and Australia (Winchester, Australian Expert Group).

It might seem surprising that the UK government's drive, over the last 25 years of public sector review, to cut costs, reduce wastage, spend wisely where it is needed, and improve accountability, exemplified by its 1999 *Best Value* Local Government Act, has not led as yet to a clear general statement of assumptions concerning the social impact of cultural institutions and events. It is less surprising that this is so elsewhere in the world, since the UK has tended to lead the way in relation to the rationalisation and audit of public expenditure.<sup>4</sup> The outcome of further development there is likely to

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might be noted that the California economic impact study refers to more than 650 separate types of creative industry organisation. (Mataraza et al. 18)

<sup>4</sup> Part of the reason for this may be the remaining dominance outside the UK of a general ideology (frequently trespassed against, it is sure) which tends to link artistic excellence (valued for its own sake) with autonomous cultural institutions. Thus the US National Endowment for the Arts phrases its current five year strategy as follows: 'The National Endowment for the Arts enriches our Nation and its diverse cultural heritage by supporting works of artistic excellence, advancing learning in the arts, and strengthening the arts in communities throughout the country.' While the Japanese Ministry for Education, Culture, Sports, Science and Technology (MEXT) is similarly focused on its own missions, which include, 'to work to develop an environment that enables artists

emerge in relation to the dialogue between the UK Arts Council's 1980s negotiating position that the prime social impact of cultural institutions and events is economic, and the late 1990s response, summarised by Matarasso (*Use or Ornament?*), which emphasised the many ways that cultural institutions and events can form, shape and enhance individuals and their communities.

This was indeed the UK dialogue in 1997 when the new government Department of Culture, Media and Sport was formed, and when the national Museums, Libraries and Archives Council was formed three years later. There is as yet little sign of its transcendence – at least in the UK – but it is worth noting that both sides of the dialogue – between, as it were, two virtual positions within the command structure of the cultural sector – ground the value of cultural events and institutions outside of the field of culture itself; these institutions and events are reviewed and called upon to review themselves in economic and community terms, even if with intermittent reluctance on their part.<sup>5</sup> As an important aside, it is important to recognise that both sides of this virtual debate simultaneously take for granted and ignore the commitments to the intrinsic values internal to cultural forms such as painting, sculpture, literature, architecture, music, dance, film and theatre which are essential to the existence and reproduction of the cultural field. To employ an organic metaphor, it is as if the institutions of cultural governance are only seriously interested in what the sector can do, not in how it is. Should this continue for a further substantial period, it is probable that the outcome will be a degree of loss, and that an *unintended* consequence of the present situation, whereby the only form of examination of the operative commitments to the intrinsic and constitutive values of the cultural field is through the current form of public management, will be that the sector is able to do less.

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and art organizations to conduct freely creative activities, and to make these cultural activities accessible to all people'. The Annual MEXT White Paper has not addressed Culture and the Arts directly since 1993 – in major policy terms, the Japanese state has allowed the sector to maintain its balance of intrinsic artistic values and consequent functioning contribution to national and community agenda.

<sup>5</sup> The defence of curatorial autonomy at the Baltic modern art museum in Newcastle upon Tyne, for example, presented from some quarters in terms of a logic of contemporary art, can be seen as constituting a rejection of the ruling economic and social impact paradigm.

At the level of the institutions and events themselves therefore, there has been an increase in the pressure to adopt the input-output paradigm, and to measure, review and evaluate in its terms. There has been an associated increase in initiatives to improve results through such means as audience development (McCarthy et al., *A New Framework*; Morton Smythe), collaborative projects, and outreach work. It is arguable that illustrating this work through case studies and descriptive accounts of participant reaction is an essential, if not the only, way to communicate what is being done. It is understandable although disappointing that the UK Audit Commission's 2005 work on the evaluation of local authority cultural and related services, often referred to as the 'Culture Block', appeared to give no thought whatsoever to qualitative aspects of evaluation, even though they clearly figure in individual inspections.<sup>6</sup> The Audit Commission, like the scorpion, is what it is. Its demand is that measurement is essential to ensure and demonstrate success.

What the current audit, review and management demands omit, however, is something really quite crucial in their own terms. Measured success matters because it communicates something important to a particular audience – the robust presence of an accountability regime, confirming verifiable excellence at best, admitted failure at worst. The governance function does not, of course, end with the receipt of measurements. Excellence must be announced, failure must be analysed and corrected. This too is part of the disposition to accountability. At this point graphic but reliable narrative accounts are needed. Their classic vehicles are the press release and the Inspectorate report. To cut a long story short – these qualitative measures, presented to the appropriate standard, should have been part of the measurement process from the beginning. The two key questions at the nodes of judgement (including, through the media, by the public) are, 'We can see the figures, but what is it really like?' and 'We can see that these stories are wonderful and will stand up, but how are the figures?'.

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<sup>6</sup> See, for example, the Best Value Review of Shropshire Museum Services in 2001 (Audit Commission, *Best Value Inspection*). The pleasure expressed there by the two individual inspectors in the quality of the collections is in sharp contrast to the lack of such interest in the 2005 consultation process on performance indicators for the cultural field. (Audit Commission, *CPA Service Assessment*). There is a significant contrast (and perhaps this is to labour the point) between Audit Commission evaluation demands and the advice given in well-regarded evaluation 'toolkits' (for example, Moriarty; Jackson).

This is why the Audit Commission's neglect of the relationship between quantitative and qualitative measurement holds down the quality<sup>7</sup> of its work.

It is often very sound strategy to look for a strategy that avoids the worst of both worlds. But it does seem that, wise counsel though that last statement might be, the search is on for the one formula that will turn experiential narratives into solid evidence and that will add an axiological dimension to percentages, correlations and rank ordering. There are five ways in which such a leap might be produced:

- Personal testimony could be ground between hard boards to leave a residue which cannot be denied or ignored. This is not necessarily a model of the interrogation or deep security clearance kind, since it more typically arises out of media amplification processes working on individual stories. The question is whether the area of qualitative methodology could be legitimately extended to produce comparable outcomes and therefore increase impact. The simple technique that springs to mind is to find the stories and keep telling them, but should there not be a professional sensibility behind that impulse?
- Methodological breakthroughs in the field of culture research perhaps comparable to the development in 1972 of the statistical method of 'partial likelihood' in the health care field, which allowed rigorous estimation of hazard in relation to altering circumstances and over time. However, the signs here are not propitious. The International Statistics Institute does not have a cultural statistics sub-section, indeed its interest in such applied areas seems relatively weak. The most promising area for the future may be the joint work of UNESCO, OECD and Eurostat, but the UNESCO Institute of Statistics programme to 2007 is centred on work to agree international categories for cultural statistics, and appears to have no 'blue skies' aspect at all.

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<sup>7</sup> For some helpful reflections on statistics, contextualisation and quality, see Allin.

- Operational transcendence of the two critical dichotomies<sup>8</sup> (the first in evaluation methodology; the second with respect to the strategic logics of the cultural institutions)
    - Quantitative ~ Qualitative
    - Goal-focused ~ Value-focused
- but it needs to be recognised that this may practically amount to a change of language and assumptions.
- An innovation in the defining assumptions of cultural evaluation, which might have happened, but probably did not, with Pierre Bourdieu's development of the concept of cultural capital – the message there being that finding a new language is relatively easy; the hard part is getting it accepted. To take an example, the recognition of the importance in cultural research of a generational time-scale is widespread, yet its strategic space within the cultural field is weak.
  - A collective re-working of the specific objects of the cultural research process led from within the cultural institutions themselves.

Proceeding from that last bullet point, what kinds of impacts, social and economic, could the cultural research mechanism measure and describe? We can get a pretty good picture by integrating recent Californian and Canadian material with the work of Matarasso and others. The categories of impact and output which form the basis for what may be claimed to emerge from the work of cultural institutions (both intrinsic and applied) are as follows:

- personal development of skills, vision and motivation, enabling
  - increase in individual employability

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<sup>8</sup> There are theoretical resources available, such as attempts to reconceptualise, to emphasise its defining realism, the overall research paradigm which contains the quantitative-qualitative distinction (Thorleif); and the possibility certainly exists of the compatibility of the Frankfurt School critique of instrumentalism with a critique of religion, thus at least allowing the possibility of a transcending critique of both instrumentalism and 'art for art's sake' immanence at the same time (Adorno is a place to start, but there is a huge literature bearing on the question whether demands which derive from principles of efficiency and management are inimical to creativity and imagination).



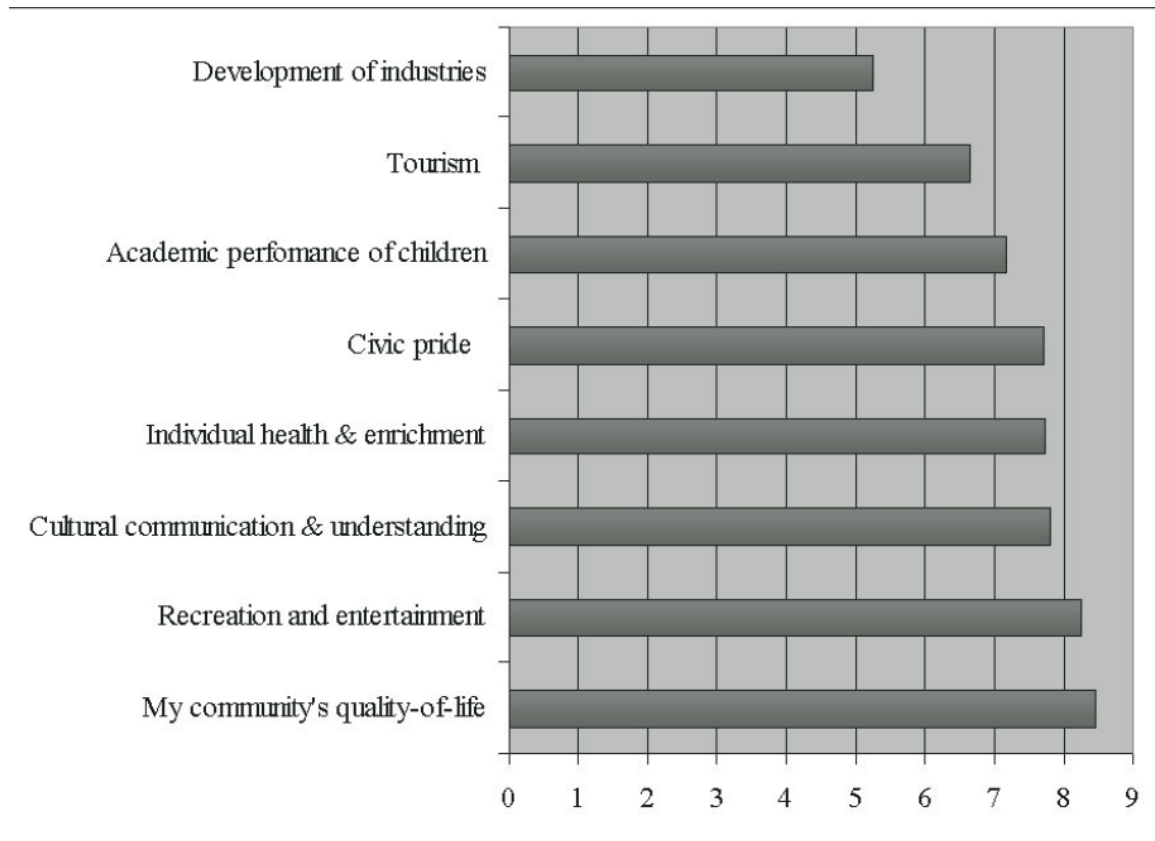
- alleviation of some mental health conditions, and palliative strategies to work alongside serious and long-term medical treatment
  - reduction in youth crime and alienation
  - loyalty to shared and emerging values
  - enjoyment of the arts for their own sake
  - realisation of the life-long power of education, and self-determination to participate in further and higher education
  - recognition of environmental responsibilities
  - emergence of a reflexive approach to self, and a constructively critical approach to others
- community cohesion, esteem, empowerment and self-development
  - enhancement of local and regional identity
  - positive reflections of cultural diversity
  - project-based employment and involvement
  - entrepreneurship in the creative industries and elsewhere.

Before we engage with the methodological issues which arise in the area of social impact study, it is important to realise that the rigorous estimation of social impact is not the only model which is of importance for the cultural sector. No matter how defensible data might be, it will not serve any of the purposes and values of the cultural sector unless it is well-disseminated and then received non-prejudicially. For this reason, and as a check for cross-matching with the social impact work, it will be necessary to digress into the area of arts advocacy, and to consider two recent examples.

For the 2004 California Economic Impact of the Arts study, 3,405 organisations were included (it has, of course, to be borne in mind that California is the world's fifth largest economy). The top 200 in revenue terms were fully surveyed, the remainder

were statistically sampled. As the report explains, economic impact was calculated by taking the direct expenditures within the arts sector and adding a multiplier. When employees spend their salaries on household needs and bills, this creates economic activity in the areas concerned. Arts bodies buy a huge range of material and services which also creates economic activity. This derived economic activity is scaled up using the agreed multiplier (to take account of the subsequent economic activity due to these expenditures), and the aggregate sum is added to the total direct spending of all arts organizations. This provides the estimated total economic impact of the sector.

The methodology is standard in public sector accounting and review. In the Californian case, it yields an annual economic impact figure for organization expenditures of 3.5 billion dollars, and this is not the end of the story. To be added to this is the figure, similarly derived, for audience spending, which is shown to be 2 billion dollars. The combined total of 5.5 billion dollars is the measurement of the economic impact annually of the not-for-profit arts sector in California, and it affirms its presence and significance within the state and national context. Comparable work is done for the numbers of jobs represented by all this activity. The Study then breaks down the sub-sectors of the activity by arts area and by geographic region to provide details of sub-regional and sub-sector activity. The Study, having established the absolute scale of the sector proceeds to explore its importance in two further basic areas: quality of life and education. In the former, 2700 survey forms were distilled into Table 1.

*Table 1: Quality of life factors ranked in importance by arts audiences*

Source: Mataraza 72.

As can be detected, the respondents were asked to rank the importance of the arts sector on a scale of 1 (weak) to 10 (strong). To the economic weight, then, is added a measure of public opinion. The final descriptive point to be made about the Study concerns its demonstration of the value of the arts, both economically and non-economically in primary education. It is made a significant area, with economic impact toward 700 million dollars annually, and strong indication of its education use and importance.

The California study follows a basic arts advocacy model. Its simple message is 'This is what we do. It's big and important on lots of levels. Please continue to support us.' The study in itself creates further interest in the arts. It is not a passive review, or an obedient evaluation. It very clearly, however, was a great deal of work. The previous

report of this form had been ten years previously. Alongside this can be set the 2004 *Canada Council Advocacy Resource Kit*.<sup>9</sup> The important headings from this are:

- ‘Boxed’ quotations as ‘evidence’.
- Provision of web addresses where further information can be accessed.
- Why advocate – a conversational approach which exemplifies the approach – get the arts into the consciousness of decision-makers.
- What to advocate
  - Size
  - Success
  - International competitiveness and comparability
  - Presence of major figures, events, achievements
  - Role in new technology
  - Importance for Canadian identity.
- Why and how to take some personal responsibility and become an advocate – with many focused suggestions about how to do this (most are internet-based), and advice specifically for artists as well as enthusiasts for the sector generally.
- Distinction between advocacy and lobbying. The former does not aim to influence decisions, but to raise awareness and understanding of the sector as a whole.
- Key messages (with examples and references to consult) on community, diversity/minority cultures, participation, economic contribution, Canadian identity, relevance for creative thinking/problem-solving, and on young people and their positive development – all this reinforced in a later more detailed section.

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<sup>9</sup> This is not necessarily a pristine model of its kind, but while lacking a degree of organisation, it is comprehensive, and contains its own instructions (how to advocate) for further dissemination.

- Advice for Arts and Culture Managers, also Board members, including an *Arts Advocacy Self-Assessment Tool*.
- Detailed, tabulated economic activity facts and figures broken down by province and by cultural sub-sector.
- Culture sector employment facts, broken down by region and sector.
- Focus on the culture industries: publishing, film, sound, broadcasting, multimedia, international trade figures for culture goods, heritage.
- Current challenges, stories, issues.
- Extended discussions of performing arts highlights.

The arts advocacy model promises strength in the areas of dissemination and mobilisation. It deserves further study through comparative analysis of campaign effectiveness in the cultural field, both sectorally and regionally/nationally. On the other hand, the area of social impact studies promises rigour and evidence. Both are interested in the social impact of cultural investment, and methodological deficits will damage both.

As Sara Selwood (“The politics of data”) shows, since at least the early 1990s<sup>10</sup> the UK cultural sector has been directed to contribute to economic growth and reduce social exclusion. Cultural provision has been measured by its promotion of access to everyone, and subjected to monitoring and evaluation. However, funding decisions were based not on the evidence of outcomes achieved, but on the expectation that they will be achieved, and there has been growing realisation that proving the expected outcomes is not easy. In the 2003 DCMS Research Strategy, existing research methods are subjected to criticism: as far as social impacts are concerned, neither robust evidence nor systematic data has been produced. In the circumstances, it was not

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<sup>10</sup> From the beginning of the 1990s as access came to be a key issue, data collection would appear to demonstrate that people from all social sectors were participating in the results of cultural investment. The 1991 omnibus survey done by the Arts Council of Great Britain National Arts and Media Strategy was based on a sample of 7,919 people in the UK. Other surveys were produced (Selwood).

surprising that interest emerged in the possibilities for other kinds of evaluation that might deal differently with economic, educational and social impact. The hope, as mentioned earlier, was for a robust qualitative methodology. Selwood lists interviews, reflections, mind mapping of visitors, focus groups, social audit, case studies, project evaluations, critical incident techniques, organisational surveys, and public surveys. The conclusion that the debate edged towards was that such a trawl of the available qualitative methodologies did not promise a great deal, and it is at this point that the 2004 Holden paper is published by Demos. His argument was that a new discourse is needed.<sup>11</sup>

This new discourse would need to go beyond Matarasso's intuitionism. Despite the apparent rationality of his planning and performance indicator model, the fact that not even flawed processes and poor data looked to be supporting claims made (see Merli)<sup>12</sup> saw the influence of his work waning after five years or so. Holden, no doubt riding the same wave as the DCMS Minister, Chris Smith, when he warned in 2003 that an obsession with impact risks ignoring "the fundamental life force of the cultural activity that gives rise to educational or economic value in the first place". So Holden looks to take us beyond evidence-based decision making in the field of culture. His notion of cultural value would create a new framework for cultural funding, recognising the affective side of cultural experience as well as measuring what is properly quantifiable, and also accepting the irreducibility of culture as part of social structure. His argument is that culture comes to be seen as something like health, an area which does not need to legitimate itself. Its constituent parts would include

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<sup>11</sup> Selwood did make the point that keeping the field of methodology and evidence disorganised might be an optimum solution for the cultural sector.

<sup>12</sup> The answers to the following questions about Matarasso's work are not clear: What did his research measure? Did he lead his 513 respondents? Was it ever possible for him to use a control group? Could he measure the robustness of the social impacts he claimed? Why did he not systematically ask his respondents, across the 60 projects, if they were participants in the arts? Is participation a factor in explaining the 75% non-return rate of questionnaires? Why did he neglect to discuss adequately negative responses? If his sample was not representative, how could his 'findings' be extrapolated to the wider society? Are none of his claimed fifty impacts measurable? (see Merli).

quality, plurality, community, creativity.<sup>13</sup> For Holden, the danger is that the emphasis on measurement and evaluation – which focuses on what cultural activity causes rather than on what it consists of and expresses – will lead us to institutionalise cultural mediocrity.

It is interesting that some values are given more weight than others. Thus there is little recognition of the possibility of a cultural multiplier which might operate in the same way as the economic multiplier, which we saw above in the Californian report. Recent work on derivatives may have some relevance for new thinking. In Holden's thinking about a new framework for understanding cultural value and for relocating the funding process, he does look to widen the value range (learning from anthropology, for example), to incorporate non-economic values, and to find a language which allows the discussion of historical, social, symbolic, aesthetic and spiritual values. From environmentalism he draws out the importance of duty of care, and system resilience plus diversity and creativity. This focus here on the structural pre-conditions of continuing community well-being links to debates in accounting which have drawn attention to desirability of explicating the resource base that makes profits possible (and also to the dangers attendant on this, as can perhaps be seen in the Enron case, where the *other* in the *ceteris paribus* assumption is accorded perhaps undue weight).

Holden does seem to think that we need to find ways to recognise why people value culture, and we may need a more powerful rhetoric of the creation of values. A formula might be something like: explicate the constituent values, relate this to social resilience, enhance conceptions of professional judgement, focus on value creation systemically, and enhance the public interest in the reproduction of cultural creativity.

Michelle Reeves (*Measuring*) suggested that social impact research in the cultural sector has the following needs:

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<sup>13</sup> Holden does not deal with the arguments between the areas of public spending which have no need for legitimisation (ie all of them!) but must still argue their case in the Government spending round. This may show that his wish to transcend methodological debate will not be fulfilled.

- Consistent use of key terms.
- Evaluation consciousness.
- Higher level of methodological rigour.
- Bi-polarity: recognising both quantitative and qualitative information.
- Short-, medium-, and long-term evaluation horizons.
- Enhanced comparability between projects and organisations.

But there is one sense in which such lists (and the work on which this interpretation is based is careful and comprehensive) may appear to miss the extraordinarily important distinction between measuring social impact *and creating it*. Where social impact is a priority (which need not be so for every funded cultural initiative!), measurement of particular social impacts is made easier, if the appropriate evaluation tools are constructed as part of the integral project design right from the beginning. At this first stage of project creation, one might go further and say that the intended audience needs to be intensely studied, and that the project and its intended outcomes should be substantially defined by that study (see AEA Consulting).

### **Postscript: Towards Global Horizons**

In the vision of globalisation presented by such thinkers as Benjamin Barber and Antonio Negri (see Boyne, “Cinema”), the cultural field is subject to two countervailing tendencies. First, there is a set of forces which threaten the de-differentiation of the cultural field. Thus, on the one hand, the rationalising and enveloping administrative logics of contemporary political, legal and economic structures may be seen as having the potential for further evolution. Whether the sources of this development are politically led, as may have been the case with the spreading doctrine of audit and accountability, or whether they are juridically led as new situations test the meaning of constitutions and existing law, or whether they are



economically driven as the search for value means a continual striving to subordinate everything possible to the rule of the market, a systems prediction of the outcome of these tendencies – were they untrammelled – could be further homogenization and instrumentalisation of the cultural field. Second, however, the operational continuity of mass systems is dependent on local trust and loyalties. Heightened performance measured against global parameters in areas like output, health, education, crime prevention, and so on, are also underpinned by positive subject formation at the local level. This latter, seen functionally, at least, requires a substantial measure of cultural continuity and perceived fairness of cultural provision. Thus it is that the forces of cultural de-differentiation and cultural preservation are in tension. This is, of course, a tension which is far from fully described here, and has other dimensions: regional competition and ethnic diversity to name just two of them. The overall point, however, is that globalising tendencies may be seen as a factor in the development of cultural evaluation practice. The question of whether to embrace social impact methodology on a regional or national scale, or even to pilot it on a trial basis, may be wound up with perceptions of what this might appear to signal to a variety of audiences: local, regional, national, international. It is even possible to think that the further development of evaluation methodology for the cultural field is not simply a question of scientific work, but also has ethical ramifications, since such research may be perceived to contribute to the future devaluation of culture in itself.

Despite these arguments against the development and spread of the audit and accountability problematic across the cultural field, it remains the case, seen from a sociological point of view, that public spending on culture in any context requires in the long term robust legitimation. Unless a new language of cultural entitlement is learnt, or unless the roots of the public cultural funding ‘which has always been provided’ are absolutely secure, the utilitarian impulse behind social impact methodology is going to be irresistible. This does, finally, make one rather large assumption, which is that the methodology can be developed further to provide a solid foundation for at least that minimal level of public provision that would secure general assent in some form. The hope and expectation will be that it can go much further and

demonstrate beyond reasonable doubt that cultural investment – in well-maintained and access-friendly libraries, parks, sports facilities, museums, exhibitions, events, concert halls, and theatres ... – has substantial and desirable social impact.

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## **Copyright and Digital Copying Technology**

### **A Critical Introduction to the Economic Literature with Reference to the British and German Record Industries**

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#### **Introduction**

Copyright plays a pivotal role in the contemporary cultural industries. It applies to virtually all cultural creations that have been published over the last five to ten decades.<sup>1</sup> It defines who is entitled to reproduce a protected creative work, who may make it available to the public and who may modify it. This has obvious implications for the commercial use of creative works and ultimately for who gets to consume them. It does not get much more central than this.

According to the seminal European Directive on copyright in the information society (DIR 2001/29/EC), the official aim of copyright is to promote innovation and creativity in the regulated sector<sup>2</sup>. Over the last years, however, much of the copyright regime has been put into question. Right holders have found it difficult to enforce their exclusive rights to digitally captured copyrighted works. Many users circumvent copyrights on the Internet or by forwarding copies of protected works on CD-Rs and

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<sup>1</sup> Copyright applies automatically and without prior test of the quality of an original publication. The duration is harmonised among EU member states to cover 70 years after the death of the author or 50 years after the publication date for performers' 'related rights'.

<sup>2</sup> With this Directive, the EU has begun to regulate central issues of copyright (especially relating to the digital environment) on the supra-national Union level. The Directive does not mention the protection of certain 'natural rights' of authors to the works they created that are an additional justification for copyright in much of continental Europe.

DVDs to third parties. A surge in unauthorised copying<sup>3</sup> has probably been the most significant recent development in the markets for music. Industry representatives have claimed that they lose billions each year in the process. This new wave of unauthorised copying is also starting to affect the markets for television broadcasts and feature films. Many regard unauthorised copying via the Internet or CD-burners to pose a threat to commercial suppliers of reproducible cultural works generally unless restrictions are imposed. The response in most major markets has been to bring copyright extensions under way and to increase investments into enforcement measures.

These measures are of strategic importance for the way cultural works will be incorporated into new digital information networks. Copyright is a cornerstone of the cultural industries as we know them. Nevertheless, there remain unsettling gaps in our knowledge of the extent to which copyright safeguards innovation and creativity in practice, and how it affects the cultural industries otherwise.

In the context of a substantial shift in the copyright regime, it is hardly satisfactory to take copyright for granted. In order to understand recent developments in the cultural industries, we need to take account of changes to the copyright regime. This holds for researchers as well as policy makers. The purpose of this paper is to link the discourse on cultural industries presented in this volume with some of the economic literature on copyright. It attempts to provide an introduction to fundamental arguments and particularly pressing questions. In so doing, it draws on several forthcoming publications on the economics of copyright and the record industry (co-)authored by the author of this article.<sup>4</sup> Economists seem to have taken the lead regarding empirical

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<sup>3</sup> In the long-run, file-sharing is probably the more fundamental challenge to the copyright regime and established business models. File-sharing has received a lot more attention in the economic literature. For convenience, unauthorised copying and file-sharing are sometimes used interchangeably below.

<sup>4</sup> Ch. Handke, P. Stepan and R. Towse, "Development of the Economics of Copyright", *Handbook on Intellectual Property and Competition Law*, ed. J. Drexler (München: Max-Planck-Institut für Geistiges Eigentum, Wettbewerbs- und Steuerrecht, forthcoming).  
Ch. Handke, "Plain Destruction or Creative Destruction? Copyright Erosion and the Evolution of the Record Industry", *Review of Economic Research on Copyright Issues* 3.2 (December 2006): 29-51.

contributions to the debate. They are reasonably well equipped to promote our understanding of copyright in many respects. Nevertheless, as will be apparent below, many pressing questions relating to the copyright regime and its consequences probably require greater input by specialists on the cultural industries and from other academic disciplines.<sup>5</sup>

There seem to be two broad and salient gaps in much of the economic literature. One is that several idiosyncrasies of the cultural industries – the peculiar incentive structure of creators, the current industry structure and issues of competition, as well as broader technological changes – seem to receive little attention in economic studies of unauthorised copying. The other is that empirical evidence on the effect of unauthorised copying (e.g. via file-sharing networks) on consumers' interests has received little attention.

Section two introduces the example of the record industry and some of its relevant economic characteristics. The record industry serves well to illustrate the apparent relevance of copyright. A surge in unauthorised copying notoriously coincides with falling turnover in most major markets for authorised copies of sound recordings. This development has provided an important impetus to a series of copyright reforms and an intense debate on the future of the copyright regime more generally.

Section three presents a broad-brush account of the economic understanding of copyright. It comes out clearly in this literature that simple slogans such as “you would not steal a chocolate bar, so do not steal cultural works” are unlikely to provide sustainable guidelines. Instead, the theoretical literature evokes trade-offs between competing ends. From this perspective, a set of reasonably well defined empirical

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Ch. Handke, *Wachstum gegen den Trend – Grundlegende Ergebnisse der VUT-Mitgliederbefragung 2005 unter kleinen und mittleren Tonträgerunternehmen*, online, 16 January 2006, available [http://www.vut-online.de/studie\\_wachstum\\_gegen\\_den\\_trend\\_-\\_vut.pdf](http://www.vut-online.de/studie_wachstum_gegen_den_trend_-_vut.pdf).

Ch. Handke, “Bad for Universal – but Universally Bad? The Uneven Effects of the Current Crisis in the German Phonogram Industry”, *RECIDA Working Paper* 9 (2005).

<sup>5</sup> Regarding the music industry, the interested reader will find a useful, broader introduction to copyright from the perspectives of various disciplines in Frith and Marshall (eds.), *Music and Copyright*, 2<sup>nd</sup> ed. (Edinburgh: Edinburgh University Press, 2003).

questions need to be addressed in order to determine whether increasing levels of unauthorised copying justify a strengthening of the copyright regime.

Section four points out two remaining gaps in the research agenda on unauthorised copying and the record industry. This section refers back to the idiosyncratic characteristics of the record industry introduced in section two and attempts to develop links to the literature on file-sharing. The basic point is that the assessment might be incomplete if the focus remains on the industry at large, rather than allowing for consumers' interests and divergent interests among different types of producers to enter the analysis.

Section five reviews some data with relevance to consumers' interests and divergent interests among suppliers. For what this first glimpse at some of the evidence is worth, the findings seem at odds with frequently made assumptions regarding the effects of unauthorised copying. It goes to show that in spite of falling revenues, only very limited – if any – adverse developments on the supply side are apparent. The paper concludes by suggesting several topics for further research.

### **The Record Industry and Unauthorised Copying**

The record industry has become emblematic in the debate on reforming copyright. This is due to two roughly simultaneous events. First, a surge in unauthorised copying via CD-burners and file-sharing networks has occurred. What this means is that users enjoyed an unprecedented catalogue of works at their disposal at comparatively minuscule costs and without compensation to right holders. The record industry was affected as the first of the traditional cultural industries.<sup>6</sup> Second, the record industry has reported a worldwide recession in the market for phonograms (International Federation of the Phonographic Industry [IFPI]). According to many, there is a causal link between a greater intensity of unauthorised copying and falling sales. The

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<sup>6</sup> The software industry has had this problem from the moment it started serving a mass market.



example of the record industry has inspired highly politicised debates on copyright reforms.

The prevailing notion is that something needs to be done. Legislators throughout the major markets have extended the scope (and sometimes the duration) of copyright entitlements. Important copyright owners have lobbied for such extensions. Many also invested in enforcement measures including technical measures such as Digital Rights Management (DRM), ran awareness campaigns and filed suits against downloaders. As it is, copyright reforms will affect all types of protected works. They do not only aim to revert recent dramatic developments in the record industry. They will also set the rules under which other types of copyrighted, creative works enter the digital realm.

The following section addresses some basic economic characteristics of the record industry, many of which they share with other cultural industries and which seem of particular relevance in the debate on reforming copyright.

### *Basic Economic Characteristics of the Record Industry*

The record industry produces and commercialises sound recordings, mainly of musical performances. Media technologies that allow to store, reproduce, distribute and consume sound enable them to do so. The focus of this paper is on the primary market for records, in which copies of recordings are sold to end-consumers.

The record industry shares several basic characteristics with other typical cultural or creative industries (cf. Caves 2000). The cultural goods and services marketed are highly differentiated and so are the skills of creators. Suppliers face uncertain demand conditions especially for new creations and have to deal with great risks. Creative workers are often self-motivated. Their production decisions cannot always be explained by a rational maximisation of pecuniary rewards alone (cf. Frey; Caves; Throsby; Towse, *Creativity, Incentive and Reward*) and many create value as more or less unpaid amateurs (cf. Brosio). Furthermore, recordings are durable and

reproducible information goods that cannot easily be turned into exclusive private property. Copyright can in large parts be understood as a measure to alleviate the problem associated with the provision of such ‘public goods’ by private suppliers. This point will be developed further in section three. Copyright is another uniting feature of the cultural industries. It automatically applies to the vast majority of new publications.

The contemporary record industry is of general interest because it clearly displays several trends throughout the cultural and creative industries. First, the record industry has grown substantially over much of the 1980s and 1990s (for a time-series of turnover in the UK and Germany, see figure 2). More recently, the data published by industry lead-bodies suggests that this expansion has come to an end and made way for a recession that is particularly pronounced in Germany (British Phonographic Industry [BPI], *Statistical Handbook 2006*; Bundesverband der Phonographischen Wirtschaft [BV Phono]). Second, the record industry has a long history as a truly global industry in which multinational firms distribute media content in virtually identical form worldwide (e.g. Malm and Wallis; Negus; Towse, *Cultural Economics*).<sup>7</sup>

Yet, this global aspect of the record industry is only one of its aspects because, third, it exhibits a polarised industry structure. On the one hand, a handful of relatively large multinational record companies – the so-called ‘majors’ – account for around three quarters of the world market and cover most aspects of the value chain in-house (IFPI). At the moment, these majors are Universal Music, SonyBMG, Warner Music and EMI. These companies excel especially in international distribution and provide related services even to many of their smaller competitors. The other extreme is found in the creation of musical recordings. This occurs in a multitude of small organisational units. Creators and intermediary firms such as record companies form temporary exclusive cooperation agreements (e.g. a ‘record deal’). A vast number of smaller record companies – with or without links to the major actors – create a middle

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<sup>7</sup> The integration of an important part of the record industry does not mean that there is no scope for local traditions, styles and trends, however. In Britain and Germany about half of the market value is comprised of “domestic repertoire” (47% and 48% in 2003 respectively) according to the IFPI (157).

layer between the two extremes of multinational corporations and small creative projects. Locally operating small, independent companies seem to have an advantage in niche markets and in the discovery and development of new creative projects, new styles and trends (e.g. Negus 42ff.; Burnett). Ideally, a dynamic balance between majors and so-called ‘indies’ leads to a mutually beneficial co-existence. Burnett (*The Global Jukebox*) draws an analogy to a “symbiosis”. This certainly does not preclude fierce competition and conflicts, in particular during recurrent periods of crisis due to broader changes in the industry (see e.g. Chapple and Garofalo; Caves; Tschmuck).<sup>8</sup>

Fourth, the record industry appears to be in a period of relatively swift technological change. The diffusion of powerful copying technology is one momentous aspect of this. Another one is the authorised delivery of musical recordings without a specially dedicated tangible carrier – via the Internet or mobile telephone networks – that is relatively well advanced.<sup>9</sup> ‘Digital’ distribution has often been predicted to bring pervasive change to the industry (Goldstein; Alexander; Burnett; Tschmuck). One way to determine the significance of technological change in the record industry is investigating its interplay with the industries’ creativity, i.e. the creation of new cultural goods and services. Another is what the consequences of technological change and innovation are for various types of market participants, competition and efficiency. At first sight, it might seem likely for example that consumers’ interests with respect to the regulation of file-sharing diverge from those of many suppliers, or that creators have different interests from those of some intermediary firms.

Not all contributions to the debate on file-sharing and the record industry take account of the industry’s idiosyncrasies. Arguably, this omission leaves important gaps in the assessment of the situation. Before the implications of these points are developed

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<sup>8</sup> A recent example is the intervention of the industry lead-body for independent record companies IMPALA with the European Competition Authorities that looks likely to force Sony Music and BMG to retract from their merger executed in 2004.

<sup>9</sup> Of course, unauthorised copying and authorised digital distribution make use of essentially the same ICT devices and networks, the main difference being whether right holders retain some control over who gets access so that they can enforce their commercial interests. Undoubtedly, the application of ICT has had similarly broad, but much less well documented, implications beyond the distribution of recordings, e.g. concerning the recording process or back office tasks.

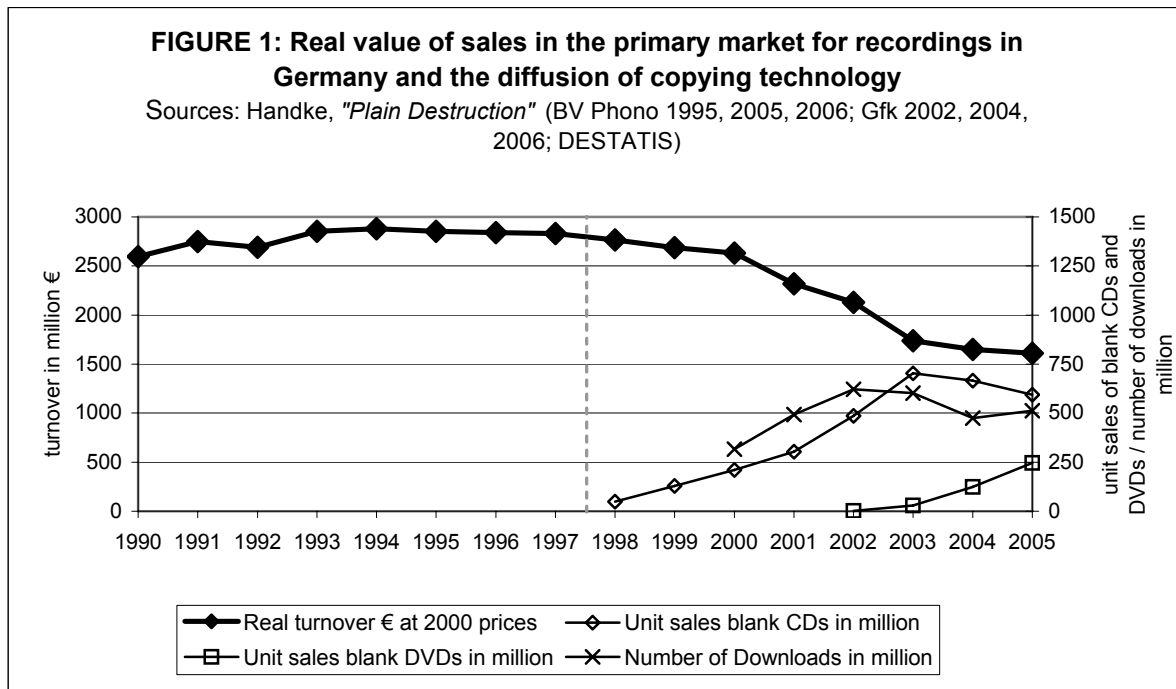
further, this paper reviews some of the basic empirical observations that sparked the debate on file-sharing in the first place.

### *The Surge in Unauthorised Copying and Demand for Authorised Copies*

In many major markets for recordings, the surge of unauthorised copying with the diffusion of CD-burners and of file-sharing networks coincide with a slow-down in sales for authorised copies. This supports the view that unauthorised copying diminishes demand for authorised copies. The coincidence is especially striking in the German market – the second largest in Europe and fourth largest worldwide. For this market, relatively detailed data is available – probably because right holders sought to communicate their difficulties effectively. See figure 1 for a time-series of the real value of sales in the primary market of recordings<sup>10</sup> where authorised copies – e.g. on CDs, cassettes, vinyl records or as downloads – are sold to end-consumers for private use. Figure 1 also includes various indicators for unauthorised copying (for a more detailed discussion of the data see Handke, “Plain Destruction”). According to roughly simultaneous developments in the use of copying technology among end consumers and turnover in the market for authorised copies, it seems possible to distinguish between two periods: first, the (end of) boom period during which turnover hummed along at historically high, if stagnating, levels; second, the recession period during which first CD-Burners, then – since June 1999 and the emergence of Napster – file-sharing networks and more recently DVD-burners were widely used and sales of authorised copies fell by more than 2% annually in real terms. A dotted grey line separates the boom years 1990 to 1997 and the recession period 1998 to 2005. During the years 2001 and 2003, sales fell especially fast. Overall, the market value decreased by more than 43% between 1997 and 2005.

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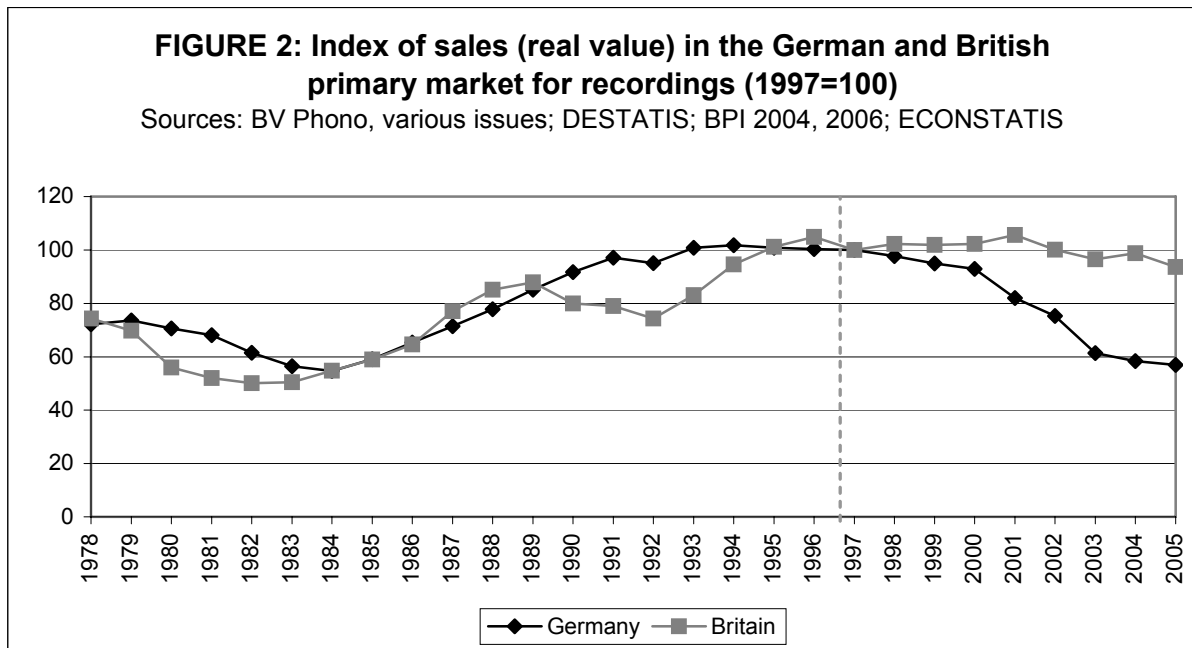
<sup>10</sup> At retail value.



Not all major markets have experienced a similarly pronounced recession since the late 1990s. See figure 2 for a time-series of the sales in Britain and Germany. A dotted grey line marks the beginning of the mass distribution of digital copying technology. To facilitate comparisons, the data is presented as an index setting the year 1997 (the year before unauthorised copying via CD-burners and file-sharing was first acknowledged as a problem for the record industry) at 100. In Britain – the largest primary market for recordings in Europe – sales<sup>11</sup> fell after 1997, too. Yet, they did so considerably later and so far less severely than in Germany. These divergent experiences cannot be explained by lower levels of unauthorised copying in Britain alone. To be sure, for this country no complete time-series of the estimated number of downloads was available (the results of the main studies are proprietary) and the methodologies of German and British surveys are not comparable. Nevertheless, it seems that the diffusion of copying technology in Britain is not radically different from that in Germany. Unauthorised copying via file-sharing networks or CD-burners also seems to be widely practised in the UK. The BPI (*Statistical Handbook 2006* 86) quotes data that “downloaders reduced spend may have cost the industry as much as £1.1 billion in lost retail sales over the past three years”, which amounts to nearly 20%

<sup>11</sup> Trade deliveries at retail value.

of actual sales between 2003 and 2005. According to their sources, in 2005, 360 million blank CDs were sold in the UK, up from 251 million in 2000. Of these blank CDs, 62% (223 million) are supposed to have been used for “home recording” in 2005. The BPI (*Statistical Handbook 2004 and 2006*) emphasises problems with professional counterfeiting of CDs, which seem less intense in Germany.



Divergent experiences in different national markets are only one of several reasons to be cautious with firm statements on the effect of unauthorised copying on demand. Generally speaking, it is anything but easy to determine what things would have been like without the intervention of a surge in unauthorised copying. Turnover in the two markets investigated has fluctuated substantially in the past. Neither was particularly dynamic in the years immediately preceding the mass diffusion of digital copying technology, even though the general trend over the last fifteen years or so had been positive. Nevertheless, at face value the data is reasonably consistent with the view that the diffusion of copying technology reduces suppliers' revenues. In Germany, the size of the market has fallen dramatically. In Britain, the industry stopped growing with a surge in unauthorised copying.

Most elaborate empirical contributions studying the short run impact of file-sharing on record sales find that file-sharing has had some adverse effect on record sales. (For surveys of the literature see Peitz and Walbroek, “Piracy of Digital Products”, and Liebowitz, “Economists”). Estimates of the extent of this effect differ considerably, however. The majority of the available studies focus on the US market. They attempt to control for various factors that might have influenced sales such as the size and wealth of relevant age groups in the population, the operation of effective promotion channels such as broadcasts featuring attractive music, the retail infrastructure, or the availability of competing entertainment goods and services. Beyond this task, there are two further challenges to empirical studies. First, the data available on the record industry and unauthorised copying of recordings are a prime example of the more general difficulties with access to reasonable comprehensive and reliable data on the cultural industries (Towse, *Cultural Economics*; Caves; Liebowitz, “MP3 downloads”). Much of the publicly available data has been assembled by interested parties. Second, it seems particularly difficult to isolate the effects of unauthorised copying at this point in time. On the one hand, the record industry is highly concentrated in a handful of multinational firms and concerns for market power are rife. That competition authorities have thwarted several proposed mergers between major record companies over the last years provides a good illustration. On the other, the record industry appears to be in a state of technological and structural change. In this context, two basic abstractions that facilitate econometric analyses – perfect competition and market equilibrium – cannot easily be taken for granted.

In short, empirical evidence suggests that the interests of suppliers at large have been harmed somewhat by unauthorised copying. To many, the examples of the relatively well researched US market or the particularly hard-hit German market establish that file-sharing is a serious threat and deserves careful attention. Yet, a considerable degree of uncertainty remains regarding the exact scale of its adverse effect, which is another good reason to pay attention to file-sharing, especially because the issue plays such an important role in driving the debate on copyright reforms. The following account of the basic economics of copying and copyright will illustrate that this

uncertainty is even more fundamental than acknowledged so far. That is because establishing the effect of unauthorised copying on sales of authorised copies is not enough to guide public copyright policy.

### **The Basic Economics of Copying and Copyright and its Application to the File-Sharing Debate**

Copyright endows creators with temporary monopoly rights – the rough equivalent of property – to their original creations. Creators often pass on large parts of their copyright entitlements to firms that specialise in the exploitation of such rights (e.g. publishers and record companies) so that intermediary firms are important right holders, too. A range of economic concepts has been invoked to justify copyright or to explain its function. Below, an attempt is made to lay out the foundations of the understanding of copyright as developed on the basis of economic theory while restricting the use of the specialised terminology.<sup>12</sup> The focus is on the question of how to determine the effect of unauthorised copying and by implication the adequate level of investments into countermeasures such as copyright. The natural rights argument that few economists have addressed (and even fewer endorse as providing a useful function) is not included.<sup>13</sup> Alternatives to copyright (e.g. Plant; Shavell and van Ypersele; Farchy and Rochelandet; Varian) or the details of copyright law (see Towse, “Copyright and Artists”; Landes and Posner) are also beyond the scope of this account.

The basic argument starts out with two characteristics of information goods such as reproducible creative works. First, while creators have to invest time and resources to produce a new work, these creations are difficult to turn into exclusive private property. Once a creation has been published, it can be reproduced and disseminated at

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<sup>12</sup> For a more extensive survey see Handke, Towse and Stepan; Gordon and Bone; Towse and Holzhauser; Liebowitz and Watt; Towse, “Copyright and Artists”; and the wide-ranging Landes and Posner.

<sup>13</sup> As mentioned in section 2.1, creators do not seem to be responsive to pecuniary incentives alone. It is imaginable that privileges reserved to creators in copyright law that have no apparent commercial use safeguard their intrinsic motivation.



relatively low costs by whoever has access to a copy and the adequate ICT. Controlling this process is beyond the scope of most individual right holders. The question arises how right holders can recoup their investments into creativity if many can benefit from the output without compensating the creator. Second, information is not depleted by use. In contrast to a material object – say an apple that is eaten – use by one individual tends not to preclude the use by others. These two characteristics of reproducible cultural works mean that in contrast to material goods, the exhaustion of information through excessive use is not a problem but safeguarding pecuniary incentives to create might be. Musical recordings are a prime example: they require input by skilled contributors as well as the use of instruments and recording technology. Once the recording process is completed, the costs of copying the work to a CD or to put it online and download it are relatively low.

Copyright aims to foster incentives to create by endowing creators with temporary monopoly rights to their creations. It allows right holders to bar others from using and distributing a copyrighted work. They can charge prices in excess of the costs of producing additional copies, which gives them the opportunity to recoup their initial investment in the creative process.<sup>14</sup>

However, a copyright system is costly (Watt; Landes). To start with, it entails administrative and enforcement costs. A copyright system needs to be defined and administered by governmental (legislative) and judicial bodies. Laws have to be backed up by enforcement efforts, i.e. infringements need to be identified and sanctioned. Some of these costs fall onto the general public. Others fall onto each participant of a regulated market, who needs to administer her own rights or to ensure compliance with other rightholders' entitlements. What is more, a copyright system creates access costs. Consumers who value the work by more than the cost of making additional copies, but less than the price being charged are excluded. The point of copyright protection is to keep those unwilling to pay the asking price from using

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<sup>14</sup> In practice, income to creators is skewed so that looking at individual creators, a situation where costs are recouped is the exception. Most published copyright works do not recover their costs, while a minority generates great profits to right holders. Over the entire repertoire of a larger publisher or record company, the concept of recouping costs might be more realistic.

protected works. It thus usually generates a state of underutilisation of the existent pool of cultural creations. Policy makers are faced with a trade-off between underproduction in the context of unauthorised copying and underutilisation in the context of (temporary) monopolies. Sometimes this is taken to mean trading off suppliers' and consumers' interests. Access costs also incur where creators are deterred from building upon prior works because they are unwilling to pay the price the copyright holder demands. It follows that over time, "(p)aradoxically, too much copyright protection can reduce the number of new works created" (Landes 13).

In short, a system of property to intangible information goods such as cultural works tends to be a lot more costly than it is in the case of material goods. It is more difficult to establish because information cannot easily be fenced in. The opportunity costs of doing so are also relatively great because once a creation is captured in reproducible form, no amount of use would devalue it. That is, one basic argument in favour of private property – avoiding overuse and the depletion of resources in the public domain – does not apply. Many economists take this to believe that copyright entitlements should be weaker than property to material assets, as in fact they are.<sup>15</sup> This reasoning leads most economists to address copyright in terms of a cost-benefit trade-off, where the costs of unauthorised copying need to be set into relation to the costs of effective countermeasures. That is, economic theory alone makes no clear-cut prediction as to the net effect of unauthorised copying on producers or for society at large. Assessing this effect and by implication the desirability of countermeasures requires an analysis of the specific circumstances of the market affected. It is an empirical question (cf. Towse, "Copyright and Economic Incentives"; Liebowitz, "MP3 downloads").

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<sup>15</sup> These limits include the limited duration of copyright and so-called "fair use" that permits unauthorised copying under certain circumstances without the right holder's permission.

*Does a Surge in Unauthorised Copying Justify Strengthening the Copyright Regime?*

In the record industry, the current diffusion of a more powerful copying technology has led to a surge in unauthorised copying. In this context the question arises whether increased levels of unauthorised copying justify efforts to strengthen the copyright regime. To answer this question, the effect of unauthorised copying needs to be specified. For the argument developed in this paper, it is useful to clearly distinguish between three steps in this assessment:

1. Cheaper unauthorised copies can substitute the purchase of authorised copies. Where this happens, unauthorised copying displaces demand. The extent of this substitution effect depends on the relative costs of unauthorised and authorised copies, the extent to which consumers favour originals, and the deterrence of would-be infringers through existent enforcement measures.
2. Second, if there is a significant substitution effect, unauthorised copying makes it more difficult for producers to recoup the costs of producing the first original. Creators and intermediary firms that finance them are at a cost disadvantage in comparison to free-riding competitors that make copies available without investing in the creation of the original. The economic literature on copying suggests that there are some factors that might offset the adverse effect of unauthorised copying on those investing in creativity. Network effects might apply so that the value of some information goods increase with the number of people that use them (say if people appreciate talking about music they are familiar with). Furthermore, when right holders are aware that a particular type of users passes on the copyrighted works to many others, they might simply charge this group higher prices. Liebowitz (“Copying and Indirect Appropriability”) coined the expression ‘indirect appropriability’ and observed that this was precisely what publishers of academic journals have done with the arrival of photocopiers in most libraries. They simply charged libraries higher subscription fees. Finally, consumers might come to value some authorised copies more if they are able to sample them via free streams or downloads. If

authorised copies are perceived to be more valuable than unauthorised downloads, sampling might have a similar promotional effect as airplay on broadcasting channels is supposed to have. It is a contentious question whether any of these potentially mitigating factors do play a significant role in the case of the record industry affected by file-sharing.

The effect of unauthorised copying on producers' interests is addressed in these first two steps in the reasoning for copyright. The related questions – whether copyright displaces demand and suppliers lose revenues – has attracted copious attention. Section 2.2 presented some of the widely debated *prima facie* empirical evidence and referred to the results of existent studies that by and large find that file-sharing has harmed suppliers' interests to some extent. Subject to the scale of the problem and the costs of private countermeasures, right holders can decide whether private enforcement measures make good business sense.

However, concerning the justification of public investments into fighting unauthorised copying cannot be the end of the story. That is because consumers probably benefit from unauthorised copying in the short run. File-sharing facilitates access to a great number of recordings – perhaps many more than are available via conventional outlets – at low costs. These benefits to consumers have received little systematic attention. As a rare exception, Rob and Waldfogel (“Piracy on the High C’s”) estimate that consumers' welfare gains from file-sharing are considerably higher than producers' losses. This type of argument has not caught on among economists due to a crucial extension to the reasoning for copyright in a third step.

3. If revenues to producers fall due to unauthorised copying, pecuniary incentives to produce and disseminate works will be diminished. Some of the producers that find it harder to recoup their costs will cease to operate. There will be fewer investments into creativity than would be ‘socially desirable’.<sup>16</sup> The extent of this problem depends on how responsive producers are to pecuniary incentives.

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<sup>16</sup> What economists mean with this is that some resources, which would generate greater value for society if they were dedicated to the production of cultural works, are put to alternative uses.

Subject to the sensitivity of supply to falling pecuniary rewards, the underproduction of inexcludable cultural goods and services will be the outcome of unauthorised copying. Less new creations will be supplied. Landes (13) predicts with a view to file-sharing that “[...] given the speed and low cost of copying, as well as the difficulty of employing private measures to prevent copying, we would expect a decrease in the number of new works created [...]” unless copyright protection is reinforced.

This extension to the argument is crucial for determining the adequate level of public investments into copyright protection, because public policy does not aim to maximise revenues to private corporations but social welfare more generally – which includes consumers’ interests. In the short run, consumers might benefit from unauthorised copying. In the long run however, after suppliers have had the time to adapt their production decisions to changes in the market, this might not be the case. To the extent that the supply of new creative works does dry up in an environment of intensive unauthorised copying, unauthorised copying is not only a problem of suppliers but becomes a problem for consumers, i.e. society at large. That falling revenues to suppliers will translate into a diminished supply of creative works has largely been taken for granted in the debate on file-sharing. The extent to which this occurs in practice remains largely unspecified. That is one of the gaps in the research agenda on file-sharing, which the following section addresses.

### **Gaps in the Research Agenda on File-Sharing and the Record Industry**

The economic literature on file-sharing and the record industry has focused on the harm of unauthorised copying for suppliers – the first two steps in the above account. Hardly any empirical work has been published on the obvious immediate benefits of file-sharing to consumers. It seems reasonable to expect that consumers’ interests will eventually be adversely affected if suppliers cease to make reproducible creative works available. The extent to which an adverse effect on suppliers comes to adversely

affect consumers' interests has not been specified, however. Arguably, this is one of the most uncomfortable gaps in our knowledge concerning current copyright reforms. It harks back to the extensive and inconclusive literature on whether intellectual property such as patents or copyright does in practice foster innovation and creativity. Even if that were the case, public policy-making would benefit from specifying exactly how sensitive supply is to suppliers' income and what role copyright protection plays in determining it.

Nevertheless, this might appear to be an awkward question under the assumption that the record industry is competitive and production methods are stable as the impact of file-sharing is playing out. Under such circumstances, a displacement of demand due to increased unauthorised copying would certainly diminish supply. As seen in section two, however, these assumptions might not reflect the reality of the record industry to a satisfactory degree. Competition in the record industry is probably significantly less than perfect if recent objections to further mergers by competition authorities are anything to go by.<sup>17</sup> At the same time, the industry seems to be caught up in a period of relatively swift technological change.

Much of the literature on file-sharing does not address issues of competition and broader technological change (beyond the diffusion of copying technology). This is a second significant gap in the research agenda. It is worthwhile to go through a short reasoning why such an omission might matter. Innovation and technological change can imply that productivity increases – costs fall or the quality of products increases. Radical technological change further tends to subvert market power (e.g. Abernathy and Utterback; Freeman and Perez; Klepper). Many accounts of the history of the record industry find that to have been the case during past periods of swift technological change in the record industry. These saw the entry of a great number of small new firms that challenged and sometimes even did away with the predominant position of incumbents (see Gillet; Peterson and Berger; Chapple and Garofalo; Caves; Tschmuck). Both the erosion of market power and thus greater efficiency or

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<sup>17</sup> Strictly speaking, due to product differentiation the industry would be in state of monopolistic competition in the absence of barriers to entry.

technological change and greater productivity could mean that costs fall. If costs fall, suppliers' profits need not be affected by falling revenues. Supply might remain stable or even grow in spite of falling revenues.

This is a complex argument. Without empirical evidence supporting it, it holds little sway. The following section presents some exploratory empirical evidence regarding the record industry and the supply of sound recordings. It appears that supply has been surprisingly resilient in spite of falling revenues and high levels of unauthorised copying. The data suggests that the diffusion of copying technology is very likely to coincide with other significant changes in the record industry.

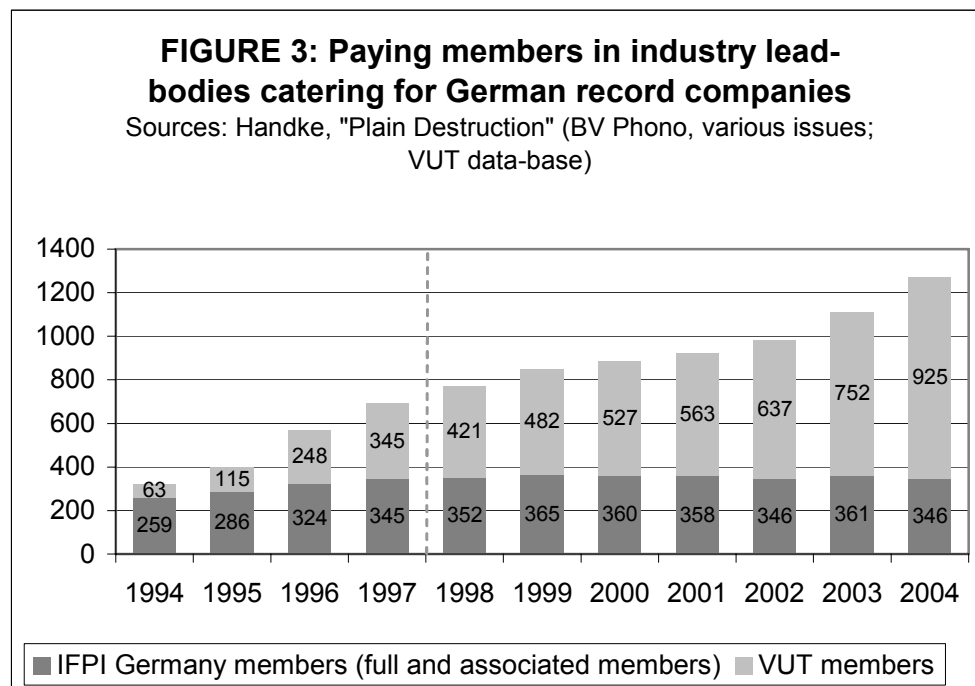
### **Supply and Market Entry in the Presence of File-Sharing**

The following section of the paper addresses some quantitative data on the number of record companies in Germany and the supply of new publications in Germany and Britain. More than seven years after Napster established file-sharing as a mass phenomenon and after eight years of a severe recession in the market for recordings, to what extent has a problem on the supply side materialised?

#### *Market Entries (the Number of Record Companies)*

Record companies (i.e. organisations that acquire and commercialise rights to sound recordings) traditionally play a pivotal role in the record industry. They tend to coordinate the various specialised activities concerning the creation, reproduction and distribution of recordings. Figure 3 presents the number of paying members in two industry lead-bodies catering for record companies in Germany: the German division of the International Federation of the Phonographic Industry (IFPI Germany) and the German Association of Independent Labels, Publishers and Producers (VUT). A dotted grey line marks the beginning of the recession period. The IFPI Germany mainly attracts larger record companies. All major firms are members and so are their

subsidiaries as well as some of the larger, more commercially orientated indies. The VUT predominantly provides for smaller, independent record companies.



According to this data, the number of record companies in Germany has increased in spite of a severe recession and in the presence of high levels of unauthorised copying after 1997. Data on the number of record companies that are members with the collecting society Gesellschaft zur Verwertung von Leistungsschutzrechten (GVL) confirms that there seems to have been alleviated numbers of market entries during the recession period. (For a more detailed discussion of the data, see Handke, "Plain Destruction").

An alleviated number of market entries is inconsistent with common-sensical expectations in the context of a severe recession and alleviated levels of unauthorised copying. What is more, apparently the population of larger record companies developed differently from that of smaller firms. The number of IFPI Germany members stagnated during the recession, while the number of VUT member firms that are mostly smaller record companies increased substantially. There seems to have been a greater number of market entries by smaller firms during the recession than in the preceding boom years in the German record industry. Handke ("Plain Destruction")



suggests that this is more consistent with creative destruction in the context of technological change rather than with the demise of an industry due to unauthorised copying.

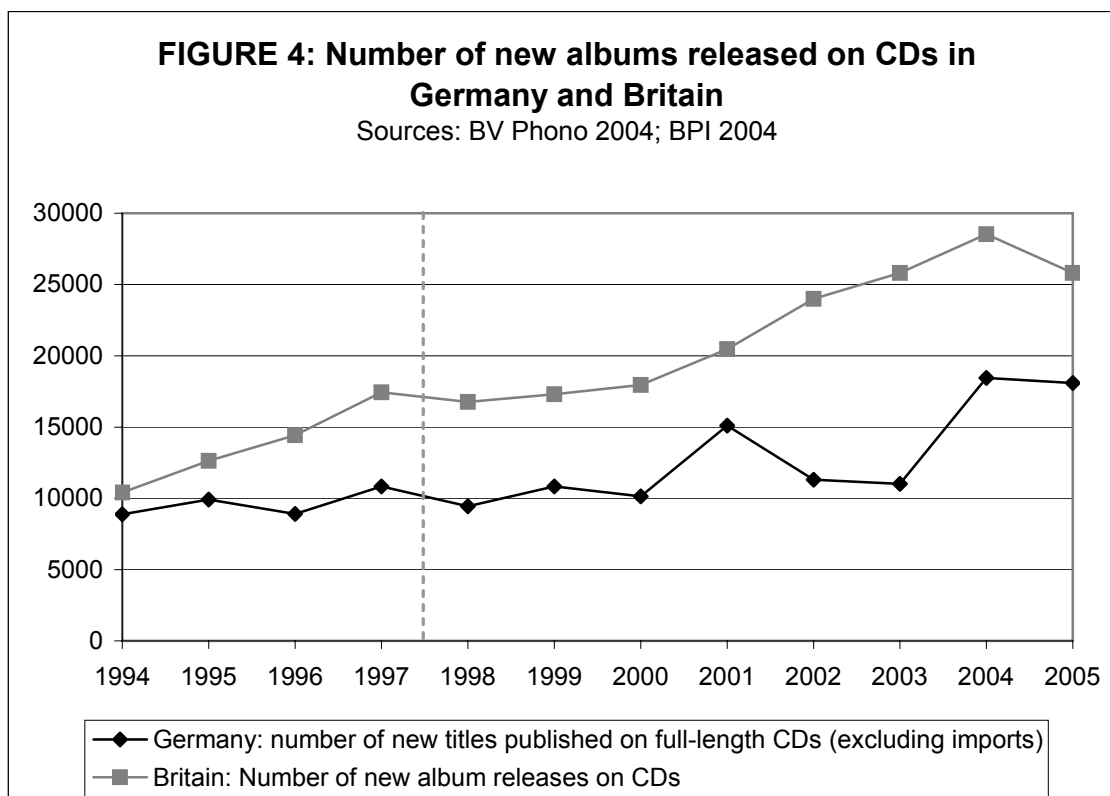
*The Number of New Publications in Both Britain and Germany*

Figure 4 exhibits a time-plot of the annual number of new albums released on the most widely used sound-carrier format of CDs in Britain (BPI, *Statistical Handbook 2004* and *2006*) and Germany (BV Phono, *Jahrbuch 2005* and *2004*). To avoid double counting of the same content, singles and releases on other sound carrier formats than CDs (cassettes, vinyl records or minidisks) are excluded.<sup>18</sup> So are any musical recordings that are published only as downloads. The data does not invite detailed cross-country comparisons because underlying methods differ and the data for Germany excludes imports whereas the data for Britain does not.<sup>19</sup>

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<sup>18</sup> The BV Phono ceased to provide separate figures for CDs and cassettes after 2003. For 2004 and 2005, the new category of album releases is presented.

<sup>19</sup> What is more, the BV Phono explicitly acknowledges important limitations to their measures of publications. They estimate that their figures capture only about half of the entire number of releases. Presumably, they capture the bulk of those releases that eventually become easily available to a wider public on tangible sound carriers, however.



Neither of these two short time-series provides any evidence for any significant and permanent fall in the number of new releases in absolute terms with a surge in authorised copying after 1997. If anything in Britain, an expansion in the number of new publications might have slowed somewhat in the late 1990s but if that had something to do with unauthorised copying the effect was probably not permanent. After the year 2000, the average number of new publications per year in both Britain and Germany were very high in comparison to earlier years.

Again, this conflicts with common-sensical predictions in the context of weak growth and a surge in unauthorised copying. Certainly, the descriptive analysis of the limited number of observations presented here does not support any firm conclusions. Nevertheless, this empirical evidence is clearly at odds with the view that falling revenues due to unauthorised copying would severely affect the supply of new sound recordings. This issue requires further attention.

Investigating the number of publications helps to make this point. Quantitative methods of the type that is championed by economists will have its limits regarding

the resolution of this issue, however. Ultimately, the quality of the creative works supplied needs to be addressed. Other academic disciplines are better equipped to do so and the debate on unauthorised copying and changes in the record industry might benefit considerably from their contributions.

## **Conclusions**

Changes to the copyright regime are among the most significant recent developments for the cultural industries. Today it is hardly possible to address those cultural industries that supply reproducible media content without acknowledging this issue.

The predominant notion is that copyright is essential for commercially viable cultural production, because it defines property to cultural creations and allows suppliers to recoup investments into creativity. A recent surge in unauthorised copying – via CD-burners and file-sharing networks – appears to require extensions of copyright law and more vigorous efforts to enforce these rights. Copyright matters even if one does not underwrite this view, simply because of the ongoing political and legal process that aims at nothing short of setting out the playing field for the way that reproducible aspects of cultural creations are handled in the future.

Economic theory suggests that copyright relates to a trade-off of competing ends and that the right level of copyright protection depends on the specific conditions of the affected market. Empirical studies are crucial to guide copyright policy. There are at least two important gaps in the available literature: the first regards the extent to which unauthorised copying affects the supply of creative works and thus how consumers' interests are affected; the second regards broader changes within the industry. Technological change and increasing competition might make it more difficult to isolate the effect of unauthorised copying.

In fact, this paper presents some evidence that conflicts with the view that a recent period of falling sales and high levels of unauthorised copying would have had an

adverse impact on supply. There are three unexpected observations in the recession period: first, in Germany, the number of record companies has grown rapidly, and, second in particular many small firms have entered the market. Third, in both Britain and Germany, the number of new full-length releases on CDs has increased.

In as far as these observations hold, the current recession in the record industry has neither been uniformly nor unambiguously harmful. Many smaller firms are entering the market and the number of new creative works supplied seems to have increased. Concerning the effects of the diffusion of powerful copying technology it seems that either this erosion of the copyright regime does not have the predicted adverse effects on the supply side, or other significant factors overlap with recession and diminished copyright protection.

It remains to be seen whether the provisional empirical findings presented above can be confirmed in more comprehensive investigations. If the general drift of these observations is confirmed, the question is what explains the apparent resilience of supply. Regarding the basic economic characteristics of the record industry introduced in section 2.1, several hypothetical explanations come to mind. First, growth in alternative sources of revenue to suppliers might be an explanation. Yet for much of the time period under investigation, revenues generated via sales of downloads have been of minuscule size (and the German turnover figures include sales of downloads since 2004). There is also little evidence for additional earnings from the secondary market for copyrighted works (where performing or synchronisation rights are sold mainly to commercial users) that would have compensated for much of the losses in the primary market. Second, cost-reductions due to process innovation or lowered barriers to entry and increased competition in the context of technological change might be an explanation. Here, an important question is whether the Internet and perhaps even file-sharing actually foster competition because they diminish the reliance on the traditional promotion channels and retail outlets in which the products of smaller firms are rarely visible. Blackburn (*A Study of Online Piracy*) finds that sales of publications by previously well-known artists are diminished in the presence of file-sharing networks while file-sharing appears to boost record sales for previously

unknown artists. Third, the intrinsic motivation of many creators could provide an explanation for some of the resilience of supply. The costs of recording seem to have fallen with the diffusion of PCs and specialised software. Together with lower costs of promotion and distribution via the Internet, amateurs that do not rely on recovering all their costs when they supply recordings might become more important. Finally, copyright protection as it was before file-sharing might simply not have maximised incentives to produce. The costs of copyright protection might have been underestimated or its benefits overestimated.

There is ample scope for further research on this and a multitude of other questions related to recent changes within the record industry. Specialised expertise on the idiosyncrasies of the cultural industries from a range of academic disciplines seems indispensable and could be fruitfully employed.

Finally, the market value of music is probably not its most outstanding feature, as even economists readily admit (Liebowitz, "MP3 downloads"; Liebowitz and Watt). What is spent on music makes up a miniscule part of the economy. Nevertheless, as media content music is virtually omnipresent in daily life (Burnett 1; Vogel 192). Arguably, the most interesting questions relate to this wider meaning of music in society. Copyright reforms in the face of file-sharing are likely to exert an important influence on who consumes what, who contributes and who gains in the music industry and in other cultural industries. This field should not be left to the ploughs of economists or legal scholars alone.

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# **The Question of Quality in a Comparison of British and German Theatre**

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## **Introduction**

“It is a common claim and a justified one that British theatre is the best in the world,” said Chris Smith when he was head of the Department for Culture, Media and Sport (DCMS) (Runciman 9). But many German cultural politicians and theatre practitioners are convinced that the German theatre system deserves that position. Who is right, or can both be right? And what does that imply considering that the theatre systems of the two countries represent very different types: Germany is known for its state-owned *Stadttheater* which employ permanent ensembles and keep a whole range of productions in their repertoire, while the reputation of British theatre rests to a large degree on commercial conglomerates, particularly those in London’s West End.

Within Europe, one may locate Germany and the UK at the two ends of a spectrum, with Germany as an example of a public or highly subsidised theatre system at the one end and at the other the UK – closest to the extreme model of a theatre system that rests nearly exclusively on private involvement as we can find in the US. Therefore, answering the question ‘which theatre system is best’ includes finding out whether more subsidies actually result in ‘better output’ or, contrary to this, whether stronger market competition brings about higher quality theatre productions. Theatre can also be seen as a paradigmatic case within the larger cultural field. Even though the

performing arts are a particular case,<sup>1</sup> finding a persuasive way to describe their quality, a framework for (not only international) comparison, would provide a starting point for other cultural sector analyses as well.

My article aims at discussing quality definitions to find out whether there are criteria for quality theatre which make such a comparison possible and at proposing a manageable framework for comparing the outputs of the two theatre systems. When speaking about the ‘output’ of a theatre system, I mean its ‘product’ in the widest sense. It embraces the general theatre supply in the whole country or a specific city as well as a single performance: what is on offer and can be ‘consumed’.

When attempting to define quality, I need to analyse what the available definitions are and discuss which criteria can possibly be used for my comparison.

Whenever the topic of quality of the arts is being discussed, two seemingly irreconcilable aspects are emphasised: artistic achievement and degree of commercialisation. In the same way, the groups involved in cultural production are said to belong to two different – and competing – camps.<sup>2</sup> On the one hand, there is the opinion that artists and theatre directors believe in the ‘noble’ objectives of their tasks, irrespective of more mundane matters. On the other hand, there is a group whose members like to consider themselves as pragmatic realists. They are interested in the actual running of a theatre and, whilst being aware of the well-known economic arguments for state intervention,<sup>3</sup> discuss more efficient and less costly ways of

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<sup>1</sup> This case has been extendedly and persuasively argued by numerous authors since Baumol/Bowen.

<sup>2</sup> The descriptions of the groups are based on Alan Peacock who calls the artistic group “pundits”. Cf. Peacock 12ff.

<sup>3</sup> Economic arguments for state subsidies can rest on different assumptions which are all restricted to the economic realm and do not refer to artistic content or social impact. Firstly, in Paretian welfare economics, cultural products are considered to be public goods, so state intervention is justified by market failure and external effects. Secondly, subsidies are justified when cultural products are seen as services rather than duplicatable products. This service argument, for theatre, is enforced by the criterion of live performance that requires immediate consumption and makes a duplication without losses impossible. Thirdly, the theory of merit goods justifies state intervention because the arts are considered by society as meritorious without generating adequate private consumption. Cf. Wahl-Zieger, Throsby. A selection of major contributions to this discussion has been published in Towse. Obviously, economic reasoning can also be used to argue against state subsidies, e.g.: Sawers.

producing plays.<sup>4</sup> But this self-proclaimed ‘pragmatic’ approach is not exempt from criticism. Cultural producers or politicians often fear a loss of what is not concerned solely with the economic side of culture, i.e. the content, or quality.<sup>5</sup> In my opinion, the contradiction is artificial: the parties concerned should become aware of the fact that in reality good management and artistic achievement go together.

In the following chapters I will first look at more measurable criteria and discuss what the quality debates in the management and economics fields can contribute to my research question. Then I will turn to the more complex discussion in the artistic sphere. I will show that both strands do offer useful criteria – but are limited to and conditioned by different disciplinary mentalities and methods. Their different results need to be combined in an interdisciplinary effort to avoid their shortcomings and use their benefits. Therefore, I will propose a tentative solution to how theatre quality in the two theatre systems can be analysed and compared. I will argue that both quantitative and qualitative aspects need to be addressed. Results from cultural economics, arts management and related quantitative methods need to be supplemented with qualitative approaches from theatre, reception and cultural studies.

## Quality Concepts

Based on its Latin origin, *qualitas*, a descriptive understanding of quality could be a property, characteristic, trait or attribute that distinguishes one thing from another (cf. OED). This objective and neutral sense of quality is relevant to my discussion but not at its focus. My main concern here is the more prescriptive understanding of quality as a grade of achievement, excellence, superiority or value, which almost naturally has positive connotations. This definition automatically involves evaluating something and granting it a higher status, a special “value”. Value, too, can mean either an assigned

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<sup>4</sup> For example, the German economist Stefan Tobias ventures only to measure German public theatre’s inefficiency and proposes cost cutting measures without discussing the demand side – let alone content. Cf. Tobias.

<sup>5</sup> To give just one example: on a recent conference, the Bundesverband Deutscher Stiftungen, the German umbrella organisation for foundations and trusts, claimed that quality criteria are currently being displaced by quantitative aims. Cf. Bundesverband Deutscher Stiftungen.

numerical quantity, i.e. something measurable, definite, unambiguous, or something considered worthwhile, desirable; i.e. something subjective.

In short, quality definitions are either determined by measurability or by value judgement. These alterations correspond with different positions adopted by the disciplines researching the cultural industries: economics or management studies on the one hand and sociology, cultural studies and the humanities on the other. In the former group one finds those who believe in the market with consumer sovereignty and pragmatic decision-taking, in the latter the individual is understood as hybrid, culturally embedded, socially dependent and hardly subject to rational behaviour.<sup>6</sup> In the following, I will look at these two different practices of defining quality: the production, management and economic sphere on the one hand and the cultural or artistic world on the other.

In an attempt to systematize the existent definitions of quality in use in production and management, David Garvin distinguishes five different approaches to product quality (cf. Garvin, *Product Quality*). Following Garvin, the understanding of quality can be

- transcendent (in philosophy): absolute, universal, unanalysable, recognizable through experience; like Plato's concept of beauty, it "can be understood only after one is exposed to a succession of objects that display its characteristics";
- product-based (economics): precise, measurable, inherent, objective; enabling a hierarchical dimension – if attributes are considered preferable by virtually all consumers; the focus is here on durability; in this case follows that quality differences are actually quantity differences; here, higher quality also comes at a higher cost;

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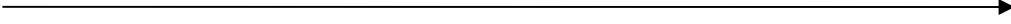
<sup>6</sup> There are also differences in the research interests: whilst economists prefer to keep value judgements out of their considerations, the humanities and social sciences not only acknowledge that human activity and thinking always, "by nature" involves or necessitates ordering and evaluating, but considers it a major field of research.

- user-based (economics, marketing, operations management): highly subjective: the ability of a product or service to fulfil a specific customer's needs, e.g. Joseph M. Juran's "fitness for use";
- manufacturing-based (operations management): quality means meeting 'a priori' standards and specifications, Philip Crosby's "conformance to requirements" and "no defects", "making it right the first time"; the focus here is on reliability engineering and statistical quality control, i.e. cost reduction;
- value-based (operations management): quality depends on the (subjective) evaluation of the cost-benefit ratio or the (individual) willingness to pay.

In this list, quality definition and measurement obviously focus on "good" products or goods. But this is no longer exclusively the case today: production processes and services are under scrutiny as well. Although quality management started as ex-post control of defective output it has developed into the documentation of production processes and, lastly, into customer-orientation. Table 1 summarizes these changes and gives, for each stage, an overview of the different status quality is granted, of where the responsibility for quality management lies and who the parties involved are. It shows that the old-fashioned understanding of quality made room for a rational and, later, a more emotional understanding.

The table also includes references to the sets of norms that were developed by the International Organization for Standardization (ISO) according to the different understandings of quality. Attempts to define quality in management have resulted in sets of standards to be followed and audits certifying their achievement which have been adapted according to new developments in quality management (cf. Zingel). This is a quasi-natural implication of the prescriptive, norm-setting aspect of "quality" itself.

Table 1. Changes in Quality Management

Old Understanding of Quality ISO norms prior to 1994	Rational Understanding of Quality ISO 9000: 1994	Emotional Understanding of Quality ISO 9000: 2000 and TQM
<ul style="list-style-type: none"> <li>• Quality is one of many management functions</li> <li>• Specialists' responsibility</li> <li>• Product control</li> </ul>	<ul style="list-style-type: none"> <li>• Integration of quality in functional departments</li> <li>• Everybody's responsibility</li> <li>• Documentation, warranty</li> </ul>	<ul style="list-style-type: none"> <li>• Quality becomes a central management task, quality manifests 'new' competitive advantages</li> <li>• New customer understanding</li> <li>• Stakeholder perspective</li> </ul>
<p style="text-align: center;">Development in Time</p> 		

Source: Zingel 11.

The question is whether those management or production quality criteria can be applied to the arts. It is conceivable that in the broadly defined creative industries where material (tangible) cultural “goods” are produced – for example, in the music or film industries where CDs and DVDs are manufactured – product quality measures such as performance, features, reliability or durability (cf. Garvin, *Competing*) can be applied. To a certain degree production quality can be applied to cultural production, especially in branches such as the printing or phonogram industries. The more recent management understanding of service quality can also be useful: if theatre is understood as a ‘service’, the ideas of customer orientation or process management would be applicable. But, again, I would suggest, only to a limited extent: only for the management processes, technical production or customer service, ticket sales or the front-of-house area. The crucial question of which criteria should be used for evaluating the performance’s or the ensemble’s quality, however, cannot be answered with the help of the definitions outlined above. So we are back to square one.

Have cultural economists or economists in general developed an understanding of quality that could help answer my question of which is better, subsidised or commercial theatre? In 1992, Alan Peacock of the Scottish Arts Council claimed that

“[e]conomists have tried to circumvent [the problem of individual, differing, unmappable, untranslatable values] by a simple subterfuge. We do not need to specify a set of values at all.” (Peacock 9) The initial assumption is “that the individual is the best judge of his/ her welfare” (ibid.). In 1996, Susanne Krebs stated that the question “what is good and bad (performing) art?” has hardly interested economists so far because value judgements are beyond analysis and because there is no consensus among economists about the compatibility of aesthetic judgements with models of economic behaviour which emphasize individual evaluation, consistent preferences and rational decision-making (cf. Krebs 14).<sup>7</sup>

But there have always been discussions about quality or value in theoretical economic thought, from Adam Smith’s “value in use” and “value in exchange” or the “labour value” and “surplus value” of Karl Marx to the “marginalist revolution” that replaced cost-of-production theories with a model of economic behaviour based on individual utilities which is the basic assumption underlying most contemporary economic thought. Even though that had been challenged by “old institutionalists” like Thorstein Veblen with a social theory of value as a socially constructed phenomenon, utility theories of consumer behaviour and the theories of demand and supply (consumer preference based on individual needs and price determination in competitive markets) are the economic models which deal with questions of economic value today (cf. Throsby 20ff.). The two main trains of thought are costs and prices.

In the discussion of production costs, Krebs has shown that they are not a useful indicator for theatre quality. Even though one could expect stars and better trained actors or more lavish stage design and modern stage technology to be more expensive, there is no guarantee that higher expenditure will please audiences’ tastes, or that the spectators’ subjective evaluation of quality rises. It may well be that higher costs simply mean inefficient spending (Krebs 17).

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<sup>7</sup> In her study, the author goes on to use economic models for the analysis of quality as a determinant of demand for theatre.

Economists have also discussed the theory of price as a theory of value and found that price is only an imperfect indicator and not a direct measure. Reasons for this are the many price distortions for any commodity. Whilst price determination in competitive markets concerns the supply side, preferences on the demand side have also been looked at. Even though there have been studies on the willingness to pay for cultural goods, there is still no unanimity among economists on whether standard methods generate adequate estimates of what is their value. One could separate cultural goods and services into private goods for individual consumption and public goods for collective consumption, and one could add qualifications such as accumulated, time-dependent taste for the demand side and external effects<sup>8</sup> for the supply side – but one still faces the same problems: prices are limited – though in practice probably the only – indicators (Throsby 22ff.; Krebs 30f.). In sum, neither costs nor prices seem to be useful for my evaluation of British and German theatre quality.

Nevertheless, cultural economists in particular have contributed to the understanding of a wide range of issues concerning the cultural industries such as economic impact, innovation or the productivity of theatres (cf. Austen-Smith; O'Hagan and Neligan). All, of course, remain within the academic conventions of their discipline and are confined to quantifiable indicators that deliver statistically valid results. They do not attempt to address any other than measurable aspects of theatre production.

Let us now see what the other side has to offer for a solution of the problem of assessing theatre quality. In the humanities, social and cultural studies and philosophy there is a long tradition of thought about art and its function; valuing the arts not for any purpose but for “art’s sake” is a rather modern invention. The term “aesthetics” from the Greek *aisthanesthai*, to perceive the external world with the senses, was coined in 1750 by the German philosopher Alexander Baumgarten. Aesthetics became the study of art and, particularly, of beauty: “of the criteria whereby manifestations of the arts are judged to be good or bad” (Björkegren 5). Therefore I briefly outline what

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<sup>8</sup> In the case of the cultural industries, externalities are beneficial effects caused by cultural production but shared by other participants in the economy who neither contribute to the production nor pay a price for it but at the same time cannot be excluded from consuming the benefits.



I consider the main developments in the philosophy of the appreciation of beauty and good taste in order to get a better understanding of the conception of what is considered artistically valid, beautiful, or pleasing.

As a concept, the “fine arts” are an eighteenth-century innovation, for the first time distinguishing different realms of artistic production. This would pave the way for a hierarchy of high and low, or popular (and later “mass”) art, of refined and vulgar tastes that underlies a large part of the discussion of art and great art to this day.

Broadly speaking, aesthetic thought in eighteenth-century Europe developed in different directions or traditions, Germany housing the idealist camp, Britain the empiricists. While much of today’s understanding of aesthetics is based on Kant’s third critique, his interest in form, the requirement of disinterestedness and so on (cf. Kant 282ff.), I think for my particular interest a dialectics between production and reception, intention and interpretation might be helpful. I am interested in meaning, content and idea of the artwork, so a location of the meaning of a work of art in a triangular relationship between artist, artefact and audience seems to me particularly useful for the discussion of theatre quality.

Aesthetic judgement, the act of deciding whether something is beautiful, can be either objectivist or subjectivist. When beauty depends on certain qualities perceived to exist in an object, as with simple objectivism, the qualities which are judged are in the object itself and everyone without exception ought to agree. That is obviously a problematic point of view. Contrary to this, a simple subjectivism bases its judgement on the reaction of the individual spectator which means that it can never be objectively right or wrong. Obviously, criticism has been voiced against and for both views, more sophisticated versions have been put forward and there seems to be an agreement that no alternative to a sophisticated subjectivism is available.

There was a time when the “humanists” who dominated aesthetic discourse claimed to have access to universal criteria for artistic quality and absolute values for beauty. But since the second half of the 20<sup>th</sup> century at the latest, this belief has lost its persuasive

power. The so-called “anthropological” definition of culture has broadened the horizon of what are commonly considered “legitimate” art forms (incorporating popular culture, for example). What is more important, the historicity and temporality of arts evaluation, its dynamic nature and dependence on its context have been emphasised.<sup>9</sup> The position has been criticised because it does not offer a satisfactory explanation why there is consensus about certain cultural works and how quality might be evaluated instead.<sup>10</sup> In other words: the discussion has not yet reached a final conclusion or a consensus on how excellent and influential works can be evaluated.

I will therefore focus on how theatre quality could be analysed in a pragmatic way. By doing so I make use of David Throsby's lists for assessing cultural value. He splits cultural value into its constituent elements which may make it possible to evaluate an artwork (Throsby 28f.):

- aesthetic value: are properties of beauty, harmony, form visible in the work of art?
- spiritual value (religious or secular): what beneficial effects, understanding or insight can be derived from it?
- social value: does the work convey a sense of connection with others or contribute to the understanding of the nature of the society one lives in?
- historical value: does it reflect the past or illuminate the present?
- symbolic value: is one able to extract meaning from the work?
- authenticity value: is it “the real, original, unique artwork it is represented to be”?

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<sup>9</sup> For example, Pierre Bourdieu developed a theory of cultural taste and consumption which connects the capacity of experiencing and expressing taste to education, social background and material standard of living. Cf. Bourdieu.

<sup>10</sup> One critic is, for example, David Throsby whose solution is to separate aesthetics and the sociology of culture (cf. Throsby 28).

Throsby claims that these criteria can always be analysed, that this framework is useful no matter whether the scales of assessment are fixed or movable, objective or subjective. Nevertheless, one must be wary: all of those components are contingent categories and depend on historical and cultural circumstances, i.e. they are not fixed and they are subjective, so that cultural backgrounds and individual dispositions of both the viewer or evaluator and the researcher have to be taken into account. Still, the methods Throsby proposes for analysing works of art are useful – only, they must be applied with a different assumption in mind: that they do not provide a objective solution. Evidently different from the approaches used in economics or management studies and beyond empirical quantitative research, he concedes that the following evaluation methods derived from the social sciences and humanities are useful (*ibid.*, 29f.):

- mapping: a contextual analysis of the object;
- “thick description”: a type of interpretation developed by ethnographer Clifford Geertz that aims at exposing underlying cultural systems of the work and at deepening understanding of contexts and dependences;
- attitudinal analysis: methods such as social surveys to assess the social and spiritual value of a work;
- content analysis: identification and codification of meaning to understand interpretations of the symbolic value of a work;
- expert appraisal: essential to judge the aesthetic and historical values of a work.

These methods provide a suitable basis for my own approach to theatre quality analysis and comparison. Together with measurable data and previous empirical research findings a pragmatic methodological mixture aiming at a rounder, a more inclusive understanding of theatre quality can be developed.

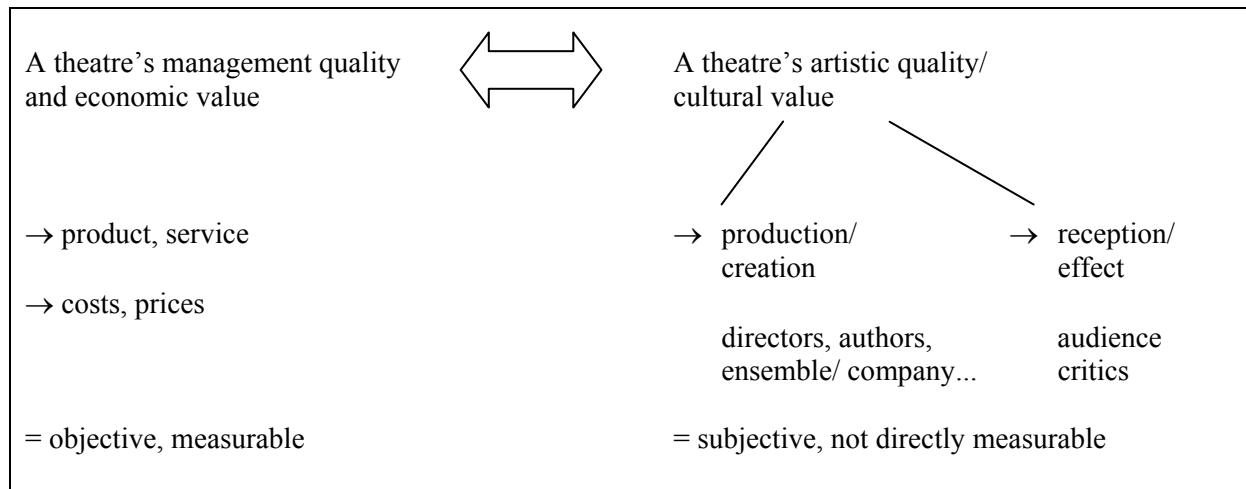
What do the two camps offer for my theatre quality comparison? Theatre is defined as an experience, an event where an actor or a group performs in front of an audience.

Thus, the requirement for defining the performing arts is that someone who acts is in the same place at the same time with someone who watches (cf. Wahl-Ziegler 18). This feature – and not any particular institutional form – defines theatre.<sup>11</sup> The existing institutional practice can be subject to an analysis of efficiency or economic impact with quantifiable criteria and measurable outcome. But there is something important that cannot be understood in terms of management studies or economics: the artistic (or aesthetic) part of theatre quality, or, its cultural value. Therefore, two clusters of indicators have to be taken into account: those measuring management quality and economic value on the one hand and those referring to artistic quality or cultural value on the other. Figure 1 schematically illustrates the two sides that need to be taken into consideration in any analysis of theatre quality. Management and economics definitions of quality can be used for analysing quantity indicators such as in-house services or the profitability of a production. Processes of production and their effects on audiences belong to the realm of cultural or artistic quality. Even though the artistic aspects may not be directly measurable, it does not mean that they cannot be analysed at all – one just needs different methods and assumptions that are offered by other disciplines. As David Throsby has pointed out, economic and cultural values have to be separated from each other. But they both have something different to tell us about a theatre's (or a theatre system's) quality (cf. Throsby 20ff.).

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<sup>11</sup> That is why those involved in the discussion of the theatre crisis in Germany should not bemoan the death of theatre – if anything, they should lament the danger to the three-tier, state-funded city theatre as practised in Germany which is indeed under threat because of significant cuts to community budgets. Theatre as such will certainly continue to exist as it has always existed in the history of mankind. Thus, the German stage association's (Deutscher Bühnenverein) call "Theater muss sein!" is absurd.

Figure 1



After this graphic summary of the main points of my argument so far, in the last section, I will outline the research design which I have used for my comparison between the British and German theatre systems.

### A Modest Proposal Towards a Definition of Theatre Quality

My dissertation project aims at finding out whether German or British theatre supply is “better”. I understand both “supply” (or “output”) and “theatre quality” in a broad and inclusive way: Whilst the former includes the supply of theatres on a national level but also the artistic product of a single theatre group, the latter encompasses a range of measurable criteria on the one hand and unquantifiable, but analysable characteristics on the other. Thus, beside the national theatre systems of Britain and Germany and the regional theatre landscapes of London and Berlin, my thesis focuses on case studies selected according to the type of theatre organisation. For each country, a subsidised (or state-owned), a commercial and a small independent theatre company will be treated in depth. When analysing “quality”, I will be working my way from the more objective criteria towards the more ambiguous ones, and, at the same time, from the national level down to the level of single productions. The national theatre systems reflect to a certain extent substantive differences in the degree of commercialisation or

state involvement which can be gathered from a comparison of organisational structures and processes of theatre production in the two countries. With the help of case studies that represent certain theatre types, one can see how the “typical” features of organisation and funding are actually put into practice. Additionally, the case studies enable a comparison on the individual theatre level when it is necessary to make up for lacking national data.

As a general design for such a comparison, a “bottom-up” approach would theoretically be conceivable. This would require starting with evaluating single performances,<sup>12</sup> and then collecting all evaluations of all productions<sup>13</sup> and theatre characteristics<sup>14</sup> to come up with this specific organisational type’s quality. This is, of course, practically impossible.

Instead, in order to analyse each theatre system’s quality, one is compelled to selectively work “top-down” and to explain the criteria for selection on the one hand and for evaluating certain features as higher on the other. The final judgement on which system works best, German or British theatre, will be based on accumulated intermediary results of a step-by-step comparison of fifteen different criteria. These include both quantitative and qualitative aspects so that the comparison requires an interdisciplinary approach that makes use of cultural policy research, statistics and findings from cultural economics studies. I will also generate and analyse new data and texts for the evaluation of artistic quality on the level of individual theatres or productions. Six assumptions about theatre quality inform my selection:

The most basic assumption is simply that the more theatres there are in each country, the better the theatre supply. Therefore, a first quantifiable indicator of Germany’s or Britain’s theatre quality is the number of theatres (1). As this does not discriminate

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<sup>12</sup> The reason is that in each performance (even of the same production) errors or events “marring” the quality can occur which depend on each actor’s daily form etc.

<sup>13</sup> This part of analysis would take into account each production’s overall characteristics such as lavishness of decoration, set and stage design, number of actors etc.

<sup>14</sup> Those overall characteristics could include, for example, type and amount of stages, existence of a permanent ensemble or guest artists, doing touring etc.

between the output produced at those theatres, production and performance figures need to be looked at to measure the actual productivity of theatres (2).

Secondly, I suppose that when theatres are geographically well-distributed, i.e. as equally available and easily accessible as possible, the theatre provision is better. This reflects cultural policy requirements and looks at regional spread of theatres (3). Of course, these indicators need to be regarded in relation to population size and distribution. My analysis will therefore be based on theatre statistics and reports even though German and British statistics collect different data, in different ways and for different reasons.<sup>15</sup>

Thirdly, diversity (in the sense of variety) is used for the evaluation of a nation's theatre supply. The assumption is that a theatre system is better, the more different types of theatre offer their productions and the more diverse the output is in terms of genres, play categories and authors (4). This analysis of theatre programmes will also not be easy because in Germany, for example, only genres are represented in statistics, play categories are not, and because generating new empirical data that matches British statistical findings is beyond the scope of my research project.

My fourth assumption concerns innovation, an important feature in the creative industries: more original theatre output is considered to be better. Of course, one needs to discuss the different understandings of innovation or originality. The evaluation of artistic innovation needs to be discussed on the level of individual productions. For the national and regional levels, I propose to look at four measurable indicators of different degrees of newness: new productions (5), adaptations (6), translations (7) and new work (8).<sup>16</sup>

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<sup>15</sup> For Germany, I mainly rely on the annual *Theaterstatistik* of the Deutscher Bühnenverein (DBV) and a few general surveys such as Institut für Länderkunde. For Britain, official statistics are irregular, incomplete and partly contradictory, e.g. DCMS, *Mapping Document 1998* and DCMS, *Mapping Document 2001* so that a selection of reports by Arts Councils and theatre management associations must be used. The first two assumptions are tested in Gerlach, *Money*.

<sup>16</sup> In Germany, new work and translations are covered as Ur-/Erstaufführungen by the Werkstatistik of the DBV. For British information, one has to contend oneself with sporadic surveys such as Feist et al. or the reports from the Society of London Theatre or the Theatrical Management Association, cf. Gardiner or Tayleur. There are also a few empirical studies about the innovativity

Next, another quantifiable variable important in the discourse about theatre quality needs to be regarded: success in the market. Here, it is assumed that good theatre is valued and in high demand whereas bad theatre fails. Thus, the fifth assumption establishes a link between the unmeasurable artistic quality or individual theatre experience and quantifiable indicators. This proposition needs to be discussed: Does success really mirror quality? And do production numbers, i.e. the plays performed most often (9) and audience numbers, i.e. the plays visited by most people (10) provide adequate success criteria? Can turnover or intake from ticket sales (11), or a theatre company's success in acquiring additional funding either from the state or from private sources (12) form useful measures?

As I have stated earlier, any comparison of theatre quality needs, as a prerequisite, an analysis of the discourses on theatre quality in the two (national) cultures. How do British and German theatre producers, directors, etc. define "good theatre"? What do audiences expect of theatre in the two countries? And how do those who dominate the discourse about evaluating theatre, the critics, arrive at their judgments? This method bears reference not only to discourse analyses but also to Throsby's attitudinal and content analyses in order to uncover the social and symbolic components of the value of each country's theatre system.<sup>17</sup> Such analyses do not exist yet, a fact which urgently requires more research. On the basis of interviews (13) a selective investigation into these national differences should be undertaken to answer the question whether both statements about "the best theatre in the world" may be right when they reflect completely different definitions of "good theatre".

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of theatre programmes. However, these are scarce, often outdated, and out of the half dozen studies I found, only Austen-Smith, and O'Hagan and Neligan) concern themselves with Britain, none with Germany. Usually, not innovativity but productivity or variety are measured. For preliminary results of a comparison of British and German theatre innovation cf. Gerlach, *Money*.

<sup>17</sup> As Pierre Bourdieu and others have shown that the milieu of the speaker, the educational and social background, class and family, the exposure to the arts and theatre, influence the way one defines what one considers good theatre, it is only logical to suppose that quality concepts vary between national cultures as well – in the way national institutions and histories, values and norms frame and influence people's ways of thinking and conceptualizing reality, and the part of reality called the arts. For example, German definitions are conditioned by the existence of a mostly state-owned and -funded theatre landscape considered to be unique in the world: good theatre is almost always characterised by features "only" ensemble work and repertoire can provide.



Furthermore, the criteria and processes of evaluation in expert appraisals need to be analysed. Theatre is considered by cultural economists as an experience good, and aesthetic judgement is generally held to be an acquired taste which requires a certain exposure. Thus, the sixth assumption I work with is that aesthetic aspects, artistic originality and other unquantifiable aspects which require subjective evaluation call for a certain knowledge and expertise about the work, its genre, its context and the existing culture of theatre criticism.

Here, I first look at British and German theatre awards (14) because they claim to reward the “best” of the theatre professions and thus serve as a “quality test” for the theatregoing public.<sup>18</sup> The award-granting criteria and processes, the composition of juries and their actual relevance need to be discussed, and the results analysed: which theatres receive the highest acclaim and is there any tendency as to the type of theatre more successful in this regard? Secondly, I study expert appraisals on the micro level and intend to analyse individual reviews of single productions (15). As the aesthetic theatrical aspects are not measurable but can be described, reviews can be analysed as textual embodiments of the critics’ evaluation. Thus, detailed text analysis is a legitimate method for my research question and adds considerable results to its qualitative part.<sup>19</sup> Both analyses of experts’ appraisals cannot go without a critical assessment of the reliability of critics’ and opinionmakers’ views, their limitations and problems.

Thus, by defining theatre quality relatively broadly and by addressing a range of measures or, as I prefer to call them, auxiliary criteria on different levels, I hope to come up with a less judgemental and one-sided result about the overall quality of

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<sup>18</sup> For the United Kingdom, I analyse the Lawrence Olivier Awards, the Evening Standard Awards, the Critic’s Circle Awards and the TMA/ Barclays Theatre Awards. For Germany, with its wealth of very small, artistic awards, and only one national theatre award, Faust, newly established and be presented for the first time in November 2006, I need to determine equivalents to the popular British awards. For example, the results of the the annual polls by German theatre magazines such as *Theater heute* and *Die deutsche Bühne* and the invitations to the prestigious theatre festival *Theatertreffen Berlin* have to be discussed. So far, there are no publications on theatre awards in the two countries except for my own account of British awards, cf. Gerlach, *Theater*.

<sup>19</sup> The selection criteria for “representative” reviews take into account theatre goers media preferences, the influence and backgrounds of critics, theatre types, case study theatres, productions having received awards, and particularly positive vs. particularly negative reviews.

German and British theatre: it will neither be based on just numerical evidence nor will it voice only subjective opinions of individual people.

## Conclusion

To sum up, the discussion of quality in management and economics concentrates mainly on objective, measurable criteria but is opening up for other considerations. For answering questions about the connection between theatre type and output the research tools and designs of these disciplines alone are not sufficient.

Aesthetic thought has been shown to be a more complex matter where objectivist and subjectivist approaches are discernable, as well as approaches claiming universality versus those acknowledging context dependence. My own position is that the evaluation of quality depends on the socio-cultural and historical context and that it is subject to change. As there is no alternative for a sophisticated subjectivist approach which calls for other qualitative methods, they need to be incorporated into a holistic analysis and comparison of British and German theatre supply.

The different methods and indicators of the two competing camps deliver productive results for each facet for which they have been developed. As a result, I decided to choose a step-by-step approach that combines the useful findings of each discipline. This combination will produce an overall result which will enable scholars to answer the question which theatre system – the British or the German one – is “best”.

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## **‘Not only a source of expenditure but a source of income’: The Creative Industries and Cultural Politics in Britain from the 1960s to Cool Britannia<sup>1</sup>**

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### **Introduction**

Interrogating the cultural agenda of the Wilson government (1964-1970) seems relevant given the shifts assumed to characterise British cultural life in the 1960s. This paper does so by focusing on Jennie Lee’s tenure as Arts Minister. Besides debates about culture within the government and between it and various artistic communities, the paper highlights continuities (and differences) with later periods and notably New Labour’s seemingly novel advocacy of the creative economy.

Lee’s 1965 White Paper, *A Policy for the Arts – The First Steps*, tallied with Prime Minister Harold Wilson’s modernizing homilies. It asserted that “in any civilized community the arts... must occupy a central place”; welcomed the prospect of “increasing automation bringing more leisure” and aligned itself “against the drabness, uniformity and joylessness of much of the social furniture we have inherited from the industrial revolution”, in favour of “making Britain a gayer and more cultivated country” (Cmnd. 2601 pars. 14, 91, 100). This echoed Wilson’s ‘white heat’ speech that saw in “scientific progress... the possibility of leisure on an unbelievable scale”. It also drew on revisionist thought. Jenkins’ 1959 Penguin election book outlined a

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<sup>1</sup> A related version of this article was published in the journal *Contemporary British History* 20.3 (2006).

modern, civilizing cultural agenda.<sup>2</sup> A 1964 research department paper, *The Quality of Living*, pressed for cabinet representation for the Arts and acclaimed the regional funding case made by the Northern Arts Association. In 1964 Labour promised “generous support for the Arts Council, the theatre, orchestras, concert halls, museums and art galleries” and 1966’s manifesto regarded, “access for all to the best of Britain’s cultural heritage” as a “hallmark of a civilized country”.<sup>3</sup>

Political interest in culture and leisure was not Labour’s preserve. Conservatives, notably the Bow Group, argued that the state should compensate for shortfalls in private patronage and encouraged greater business generosity towards the Arts Council of Great Britain (ACGB). From 1967 an Arts Policy Group was interested in Arts Council funding, regional initiatives and, anxious not to lose ground on Labour, a shadow Minister was appointed in 1968.<sup>4</sup>

### **‘The Biggest Increase in State Subsidy this Country Has Ever Known’**

In 1971 Lee told Wilson: “throughout the whole of the arts world, establishment, avant-garde, the older and younger generation, I am continually being thanked for what the Labour government did”. When Lee lost her parliamentary seat in 1970, National Theatre staff and actors wrote to say “future generations have need to be grateful to you”. Even Lord Eccles, her Conservative successor as Arts Minister, paid tribute to Lee and Arnold (Lord) Goodman (ACGB Chair, 1965-72).<sup>5</sup> For the Open University as well as her Arts work, Lee is today, a “sanctified figure” in the opinion of Geoff Mulgan, a major expert in cultural industries politics.<sup>6</sup>

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<sup>2</sup> *Labour Party Annual Conference Report* 135; R. Jenkins ch.9.

<sup>3</sup> Labour Party Archives (hereafter LPA); Labour Party, *Lets Go* 18; Labour Party, *Time for Decision* 17.

<sup>4</sup> Carless and Brewster; Conservative Party Research Department Papers, Bodleian Library, Oxford, 3/3/1-5.

<sup>5</sup> *Jennie Lee Papers*, Open University (hereafter *Lee Papers*), Lee to Wilson, 22 July 1971, Letter to Lee, 23 June 1970; Eccles 11.

<sup>6</sup> G. Mulgan 196. Geoff Mulgan was based at the Greater London Council’s Cultural Industries Unit in the 1980s and in the 1990s Director of Demos and an advisor to Blair.

Lee emerged from the Government with her reputation enhanced. Working class Scottish origins, radical tone and marriage to Aneurin Bevan, who died in 1960, made her a potent Labour icon and aided her carrying off the grand itinerary of her ministerial post. If the left spared Lee talk of an aristocratic embrace, the subject did excite comment. A standard charge was that Arts spending “is a luxury this country cannot afford”. Other critics asked, “what has your ministry of arts done beyond the Thames and Millbank? We in Wales have not benefited... don’t patronize us by sending a company to play a Greek tragedy here at the Miners’ Institute”. Her defeat at Cannock (a Black Country coal-mining constituency) in 1970 was ascribed to metropolitan gallivanting and theatre-going – activities that did not impress those Barbara Castle dubbed the “philistines of Cannock”.<sup>7</sup> Nor was the White Paper’s reception unanimously rapturous. Some argued it was more spin than substance. Denys Sutton, editor of galleries-museums-antiquities review *Apollo*, thought it “jejune”, well-intentioned, but overly reliant on (a phrase borrowed from it) “temporary inflatable structures” (*Financial Times* 2 March 1965).

Nonetheless, histories of the Arts routinely focus on the 1960s as a key moment in the flowering of cultural life in Britain and expansion of public funding. For Gray, the creation of the Arts Minister, 1965’s White Paper and relocation in the Department of Education and Science (DES) meant that ACGB expenditure “mushroomed during the 1960s, increasing by nearly 500 % in real terms”. The 1965-66 ACGB report talked of a shift from subsistence to growth (Gray 47-51). The ACGB grant grew from £3.205 million in 1964-65 to £9.3 million in 1970-71. The ‘Housing the Arts’ fund established in 1965 more than trebled by 1969/70. Only 40 % of government arts spending went to the ACGB in 1967/68 – most flowed directly to the national museums and galleries. Total spending increased most sharply in 1966-67 by 45 %, celebrated by Lee as “the biggest increase in state subsidy this country has ever known”.<sup>8</sup>

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<sup>7</sup> *Lee Papers* 2/2/7/4, Letter to Lee, 5 Jan. 1968 and 2/2/7/6, “A. Miner” (Flintshire Miners Institute, North Wales) to Lee, 18 Jan. 1968; Hollis 381.

<sup>8</sup> White 287-288, 311; Hutchison 171; National Archives (hereafter NA PRO) PREM 13/721, Department of Education and Science, Report on the Arts, Sept. 1968, “A Going Concern”, 1; *Sunday Times* 20 February 1967.

The shift from subsistence to growth was as significant attitudinally as fiscally. In 1965 Political and Economic Planning (PEP) noted how former ACGB secretary-general, William Emrys Williams, had complained of functioning too much as crisis management, doling out assistance to prestigious but needy institutions. This “bread line image” (the 1958-59 ACGB report was subtitled “the struggle for survival”) PEP thought “wrong”: “The Arts Council if it is to carry out its function properly must be a body which strengthens rather than rescues”.<sup>9</sup> If this summarized Labour’s hopes, it regularly underlined that “no amount of money can manufacture an artist”. Nor was there any desire to be a patrician cultural provider, or “to dictate taste”.<sup>10</sup> The state promoted change in the 1960s, as an enabling force and by reducing its powers of censorship of publishing and theatre. The 1944 Education Act, expansion of higher education and subsidies to Arts premises and Art colleges, did *produce* artists and audiences. But “the most valuable help that can be given to the living artist”, the White Paper surmised was “a larger and more appreciative public”. As a 1966 DES Arts bulletin saw it: “social changes including a better education for all, have increased the number of people able and eager to appreciate the arts while, at the same time reducing the scope for individual philanthropy.”<sup>11</sup>

This reduction of private patronage was problematic for the high arts. Goodman’s 1967 ACGB Chair’s report noted, “private bounty or investment is now totally inadequate to sustain a civilised ration of music and theatre, of poetry and pictures” since “the government has garnered in much... of the wealth that cultured patricians and public-spirited industrialists could formerly bestow” (Goodman, *Not for the Record* 121-122). The Institute of Directors formed an Arts Advisory Council in 1963. Leading TV art critic Sir Kenneth Clark and W.E. Williams (with Laurence Olivier, Peter Hall and Henry Moore) advised it. Business donated to “The Mermaid”, a new City of London theatre opened in 1958.<sup>12</sup> One suggestion was a US-style tax remission for business donations and charitable foundations such as the Gulbenkian Foundation.

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<sup>9</sup> Political and Economic Planning (PEP) 316; Hutchison 20.

<sup>10</sup> Goodman, *Tell Them* 291; Cmnd. 2601 par. 1.

<sup>11</sup> Cmnd. 2601 par. 88; DES, “Partnership”.

<sup>12</sup> *Lee Papers* 2/2/1/3; DES, “Music and the Young”.



Many on the left disapproved of business ties. In 1965 the IOD complained about Salford West MP Stan Orme, who had criticized using art for profit.<sup>13</sup>

## Elites

The ACGB was an unpromising instrument for the left. In 1968-69, one third of its spending went on the National Theatre, Royal Opera House, Royal Shakespeare Company and Sadler’s Wells. An elitist vision of what arts were worthy of funding prevailed. Film and photography, the latter “Britain’s leading hobby” according to a 1966 survey, were ineligible for funding until the 1970s.<sup>14</sup>

On the other hand, as Travis history of obscenity relates, Goodman’s (and Lee’s and Jenkins’) impeccable liberal sensibilities damned Scotland Yard’s pursuit of pornography and offensive art in the Victoria and Albert Museum, the Tate, the Institute of Contemporary Art and *International Times* in 1966-67: everywhere it seemed but Soho. In 1968 the ACGB created a working party to review the obscenity laws. Its own form of irreverence was sounded, when the Chairman noted that in 1965-66 as much was spent on military bands as awarded to the ACGB.<sup>15</sup> Jazz became eligible for subsidies in 1967 and Film also benefited as the British Film Institute’s budget leapt two-thirds in Lee’s first year and a National Film School was created.<sup>16</sup>

Confounding the fear Labour ministers had of being countermanded by Whitehall, Lee dealt successfully with civil servants. Like Bevan, she combined firebrand tendencies with administrative ability. She defended the Cabinet Arts and Amenities Committee against Cabinet Secretary Burke Trend’s efforts to dissolve it.<sup>17</sup> This was combined with political advocacy of the Arts, to which Lee brought the tenacity she applied to the Open University. One argument put to Patrick Gordon-Walker (Minister of

<sup>13</sup> *Mark Abrams Papers*, Churchill College, Cambridge (hereafter *Abrams Papers*) Box 58, file, “Taste of the Arts, 1955-66”; IOD, *Investing in the Arts*; IOD, *Arts Bulletin*.

<sup>14</sup> DES, “A Going Concern” 1; PEP 324-325; *Abrams Papers* Box 70, file, “Leisure 1956-67 (1/2)”; London Press Exchange Intelligence Centre.

<sup>15</sup> Travis chs.7-9; Goodman, *Not for the Record* 126.

<sup>16</sup> Laing, “Institutional Change” 36; Hollis 280-282.

<sup>17</sup> NA PRO CAB 165/555, Herbert Andrew to Burke Trend, 18 August 1966.

Education in 1967), was that demarcating the Arts rather than merging it with Sport (as the Treasury favoured) “has given the government a lead envied by our opponents and deeply appreciated by institutions and individual artists”. Another was that a small increase in Arts spending, could yield disproportionate benefits – culturally and politically for the government. Lee marshalled this case repeatedly in the spending round, although not always successfully – in 1965 she had to “bully” Crosland to bail out the National Youth Orchestra.<sup>18</sup>

The Arts seemed an area of government success, empowering Lee. In 1969 she told Chancellor Roy Jenkins how, “the full consequences of cutting below 10 % increase in real terms is not fully appreciated by colleagues... it would... endanger our good reputation in this field”, by contrast with troubles elsewhere, “when a relatively small additional sum to that proposed by your department can save the day”. Lee warned Wilson in 1969 that spending cuts would mean an end to “making the best generally available”, cuts in regional funding or to Covent Garden and that since “we spend less than any other European country on our opera... all the high Tory gentry would be on their feet, ensuring maximum political damage”. “At relatively small cost”, she posited, “we can maintain a buoyant and optimistic atmosphere”.<sup>19</sup>

Lee’s battles were with Crosland and Jenkins, precisely the revisionist theorists who in the late 1950s had urged the left to pay greater interest to culture and leisure, as economic and welfare matters were resolved. Jenkins must have recognized Lee’s case for the merits of a small spending increase, since in 1959 he had argued that, “a government policy of moderate generosity would make the world of difference to the whole climate of our cultural life” and that the “money needed would not be enormous”. Jenkins’ contemplated increase, from 0.1% to 0.3% of budget expenditure, was more than Lee achieved.<sup>20</sup> There was also political baggage here – Crosland,

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<sup>18</sup> NA PRO PREM 13/2488, Lee to Patrick Gordon-Walker, 8 December 1967; Burke Trend paper, 17 February 1965; *Lee Papers* 2/2/2/1, Lee to Wilson, 22 July 1971.

<sup>19</sup> *Lee Papers* 2/2/2/1, Lee to Jenkins, 10 February 1969; NA PRO PREM 13/2488, Lee to Wilson, 6 February 1969; 2/2/2/2, Lee to Jack Diamond, 10 February 1969.

<sup>20</sup> R. Jenkins 1. Lee directed c.0.15% of government expenditure.

Diamond and Jenkins had been leading Gaitskellites, something Lee could deploy when she called on (and often received) Wilson’s support.<sup>21</sup>

Jeffrey thought Lee “never let her own left-wing prejudices show” (Sinclair 145). Though Lee could be partisan. “As the NHS [National Health Service] stands as the most important contribution to the future by the 1945 government”, she told *Tribune* in 1967, “this government will be honoured for what it has done for the arts. The Tories can’t undo what is being done.” Richard Hoggart, critical of the White Paper’s blurring of high and low culture and categorization of “the young” as “raw material”, nonetheless felt it “inconceivable that a Tory government could have produced its best paragraphs”.<sup>22</sup>

## Section 132

Bevan believed “that only the best was good enough for the workers and was determined to smash open the great houses, their libraries and wine cellars”. He grieved that art was “immured in museums and art galleries”. Rather, Bevan wanted the state to “enfranchise artists, by giving them our public buildings to work upon”. However, Charier of the state, J. B. Priestley, who also had Lee’s ear, insisted “the state must leave the artist alone with his work after creating reasonable conditions for them”.<sup>23</sup>

The left was steeped in Bevan’s high-mindedness. Labour’s *Leisure for Living* looked forward to people aspiring to own “an oil painting of real merit for half the price of a television set”. It applauded the BBC for broadcasting classical music and London’s Mermaid and Coventry’s Belgrade theatres in “bringing drama to a largely apathetic public”. The 1962 Festival of Labour displayed Labour’s cultural repertoire: a classical concert at the Royal Festival Hall, international and modern art exhibitions and attempts to commission ballet, all chiming with Bevan’s and Lee’s preferences and

<sup>21</sup> *Lee Papers* 2/2/2/1, Lee to Wilson, 22 July 1971.

<sup>22</sup> *Tribune* 21 July 1967; Hoggart 33-34.

<sup>23</sup> Campbell 69; Bevan 50-51; Priestley 13, 19.

belief in public art's therapeutic value. But as at the 1951 Festival of Britain (a social democratic vision, Conekin insists), a distinction was drawn between such activities and the mere entertainment of a carnival parade and sports.<sup>24</sup>

Lee envisaged her work extending Bevan's. Labour griped about the scarce use local authorities made of their voluntary power to spend up to a 6d rate on music and arts, provided by section 132 of the 1948 Local Government Act, an amendment Bevan introduced. Speaking in 1964 at Darlington's Little Theatre, Labour's Anthony Greenwood explained:

Nearly ½ the authorities who are empowered to spend up to a 6d rate on promoting music and the arts and helping voluntary bodies are in fact spending precisely nothing – and the rest spend little more than a penny rate... If we are to... meet the challenge of increased leisure we must have a strengthened Arts Council.

A 1965 DES circular pressed local authorities on this.<sup>25</sup> Since section 132 was permissive, Conservatives wondered what powers the government had to “make these backward authorities spend more”. The left voiced the same concerns, fearing not *dirigisme* but inertia.<sup>26</sup>

### **“Not Only a Source of Expenditure but also a Source of Income”**

Lee's own passions were for Italy and George Eliot (rather than Henry James). She disliked opera, particularly Wagner; found the James Bond films “boring – all the same” and was “allergic to football”, especially on TV. That “she wanted nothing to do with sport” was partly a matter of taste and partly to avoid being combined with Denis Howell's portfolio. Lee told one interviewer “if the world was made in my image it

<sup>24</sup> Labour Party, *Leisure for Living* 9-11, 23; Conekin. This section draws on Lawrence Black, “Arts and Crafts”.

<sup>25</sup> *Abrams Papers* Box 58, “A Taste of the Arts, 1955-66”, Greenwood, press release, 26 April 1964; DES, “Partnership in Patronage”.

<sup>26</sup> *House of Commons Debates* (hereafter *H. of C. Debs.*) vol.711, col.237, 27 April 1965; *Tribune* 21 July 1967.

would be perfect”, but generally suppressed such instincts in favour of emphasizing her “function is merely a permissive one”.<sup>27</sup>

In what was touted as a technocratic government of experts replacing an aged, gentrified Toryism, Lee was an avowed amateur when it came to the Arts, and senior too at 60. This facilitated her ability to press the Arts’ case without seeming to infer taste judgments. Lee played the populist, concerned for the audience and visitor as much as producer or performer in insisting on “improved *restaurant facilities* at the British Museum” and “the enlivening of the *atmosphere* of the great museums and galleries”.<sup>28</sup>

Lee made a virtue of her amateurism, contrasting her approach to André Malraux, French Minister of Cultural Affairs (1960-69), an old radical like Lee and writer on art. “We are not French”, Lee explained in 1966, “we are our own empirical selves”.<sup>29</sup> French regional policy was more *etatiste* than British. *Temples (maisons) de la culture* were funded by state and municipalities – though reportedly attracted few workers (*The Times* 11 October 1971). West German regions received more generous business support. Except in Bavaria, lower taxes were levied on artists and Munich invested as much in the Arts as the annual ACGB budget. West German audiences were larger – helped by the tradition of the *Volksbühne*, with cheaper tickets for workers. But US federal spending was lower than Britain’s – if with tax concessions for private donations to state arts bodies.<sup>30</sup>

The Wilson government’s Arts policy aimed to provide support more than direction and, like the BBC, to do so at “arms length”. But as with the BBC’s Reithian ethos, culture was conceived as a cohesive force, overcoming social divisions through a common national identity. This had been the purpose of the innovations during the Second World War like the Council for the Encouragement of Music and the Arts

<sup>27</sup> *Evening News* 25 May 1966; NA PRO CAB 165/555, Note for record, 2 Nov. 1964; *Sunday Times* 20 February 1967.

<sup>28</sup> *Lee Papers* 2/2/1/4(2), “The Success of Government Policy for the Arts”, n.d., c.1967.

<sup>29</sup> *Sunday Times* 20 February 1967; *Lee Papers* 4/1/2/7, BBC Press Release, 19 March 1966; J.S. Harris 63; Marwick 186-189.

<sup>30</sup> *Lee Papers* 2/2/2/2, K. Jefferys, “The Arts in the Federal Republic of Germany”, 2 June 1971; NA PRO PREM 13/2488, K. Jefferys, “International Comparisons”, 30 Jan. 1969.

(CEMA) that marked the state's formal incursion into cultural realms. The White Paper saw exclusion "from the best of our cultural heritage as damaging to the privileged minority as to the under-privileged majority".<sup>31</sup>

Increased spending was induced by the belief the Arts were a remedy for social problems. As Goodman put it, "a dose of culture could turn hooligans into citizens". The Arts might, Lee (like Matthew Arnold) imagined, fill a spiritual void in a secular society. Or there was the prospect, as John Maynard Keynes outlined as Chair in the ACGB's first report, that as economic problems receded, "the heart and head will be occupied... by our real problems... of life and human relations, of creation and behaviour and religion".<sup>32</sup>

This was Lee's defence for public spending on minority, elite pastimes – that improving access to them might have a cultivating trickle-down effect or therapeutic value, combating commercial, mass, American, popular culture. Lee contended: "before we arrogantly say that any group of our citizens are not capable of appreciating the best in the arts, let us make absolutely certain that we have put the best within their reach". Lee revived the National Theatre, dormant since 1949 and the White Paper aspired to bridge cultural gaps, noting how "in... jazz the process has already happened; highbrow and lowbrow have met". Her proudest achievements were 26 branches of the National Film Institute, 125 Art Centres and 36 regional theatres. Audience creation saw rising attendances at concerts, exhibitions and libraries. Local government library spending increased, partly as Boots' and Smiths' lending libraries closed. It also prompted an author's revolt by 1969 at Lee's failure to institute a public lending rights scheme of royalties for those whose books were borrowed.<sup>33</sup>

Change of the sorts Lee desired could be detected in broadcasting. Local radio, corresponding with Lee's regionalism, started in 1967 with BBC Radio Leicester. *Monitor*, BBC1's Arts series won audiences of three million, as did *Omnibus*, its

<sup>31</sup> On CEMA, ABCA, ENSA, Minihan 238. Cmnd. 2601 par.99.

<sup>32</sup> Goodman in G. Mulgan 207; DES, "A Going Concern", 1968, 4; *Evening News* 25 May 1966; Keynes in H. Jenkins 41.

<sup>33</sup> *H. of C. Debs.* vol. 711, cols. 294-295, 27 April 1965. Cmnd.2601 par. 71. *Lee Papers* 2/2/2/1, 1969 May Day Concert; Laing 81, 84; Weight 390; *The Times* 15 February 1969.

successor from 1965. Commercial broadcasting saw Sir Kenneth Clark make 48 Arts programmes for Anglia Television from the 1950s.<sup>34</sup> Programming like this, socially aware TV drama and BBC2 (partly through Open University programming), assuaged fears of Americanization and saw the left surmount the hostility it had towards TV in the 1950s, coming to regard it more as a cultural protagonist than a threat in itself.

Another rationale for Arts policy, Lee told the Royal Academy in 1970, was that “the arts are not only a source of expenditure but also a source of income... income from tourists next year will have reached the six hundred million pounds mark”. Tourism was increasingly a government concern. London hotel developers claimed subsidies under a Wilson initiative. Crosland’s prudence at education became more generous (particularly towards the National Film School) at the Department of Trade and Industry.<sup>35</sup>

In 1966 Lee argued artists “are not essentially takers... they are givers”. In this context, Wilson’s award of MBEs to The Beatles in 1965 denoted more than a courting of popular opinion. Though it certainly denoted this quality – witness Wilson’s use of *Steptoe and Son*’s Harry H. Corbett (a TV émigré from Joan Littlewood’s Theatre Workshop) during the 1964 election and at the Festival of Labour, where he presented *Coronation Street* (his favourite TV programme) with an export award for sales to Australian TV. A British (and Northern, key to Wilson’s own identity) cultural revival was identifiable. Tangible economic achievement was also evident: the record business doubled in size in the UK in the 1960s, making Britain a global player.<sup>36</sup> This can be seen as part of a marginal agenda identifying the contribution creative industries could make to the economy and quality of life, a theme extolled by New Labour.

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<sup>34</sup> Hind and Mosco 13; Walker 23, 45, 77.

<sup>35</sup> *Lee Papers* 2/2/2, Royal Academy address, 5 May 1970; Porter 382; Hollis 282.

<sup>36</sup> *Lee Papers* 4/1/2/7, BBC Home Service Transcript, 19 March 1966; LPA, Festival of Labour Box 4, “Fanfare” file; Goodman, *Not for the Record* 123-5; H. Jenkins 39; Weight ch.5; Harker 238.

### **The Break-up or Extension of Keynesianism?**

Lee's distinctive aim was regional funding, straining at the dead wood of the metropolitan establishment. Rather than being socialized by elite institutions, Labour was attempting (tentatively) to refashion their influence in civil society. If culture meant the best of the 'high' arts, there was a built-in drag to London – and around 30% of ACGB spending went on London to 1965. Goodman and the ACGB were having none of suggestions that they themselves might relocate to Woking, Manchester or Basingstoke. The "provinces" inferred narrow-mindedness, so reference was to "the regions". Goodman's 1968 ACGB Chair's Report noted that in offsetting Londo-centrism, it was "only in very rare cases seeking to stimulate some local activity where at least the nucleus of existing demand is not already established".<sup>37</sup>

The state's role was then defined within traditional, liberal parameters; permissive not prescriptive. If there was occasional frustration that the full potential of state agency was constrained, this limited power also provided a useful opt out. Thus, those who felt Exeter's Northcott Theatre should have been built in the city rather than on the University campus, were told by Lee, "you argue this out among yourselves". Not that Lee evaded debate. At Coventry's Belgrade Theatre in 1966 after the musical comedy *Lock up your Daughters* to which trade unionists had been invited, she heard debate on theatre decorum and the desire for Sunday performances ("the very night we could fill the place" one told). Sunday was an institution questioned by 1960s' modernity. Jim Haynes' Edinburgh Traverse Theatre pioneered Sunday opening and Monday closing. Lee initiated Sunday opening at the Victoria and Albert in 1966. A private members bill to legalise Sunday theatre opening was defeated in 1968 (though Lee and Hugh Jenkins got it onto the statute book in 1972).<sup>38</sup>

In 1967 Scottish and Welsh Arts Councils were created to match Northern Ireland's. The proportion of total Arts investment going to Scotland almost doubled between 1964-70. This reversed the ACGB's metropolitan propensities – CEMA's last regional

<sup>37</sup> PEP 326; Sinclair 139, 146; Goodman, *Not for the Record* 144.

<sup>38</sup> *Western Morning News* 12 November 1966; *Guardian* 13 January 1966; *The Times* 8 April 1968; H. Jenkins 63-65.



offices closed in 1956 – under Keynes. The Keynesian consensus broke down after 1964 as a regional focus prevailed; the ACGB returned to DES control; and the elitist maxim of “few but roses” reverted to CEMA’s mantra of “the best for the most”.<sup>39</sup> By post-imperial analogy, the power of the metropole was diminishing. Yet in other ways metropolitan standards were extended. The ACGB’s focus remained professional, unlike CEMA’s encouragement of amateurs. Lee told the Commons in 1970 that “there should be no cutting back on metropolitan standards in order to spread the available money more evenly throughout the country”. Keynes standards were here being exported. The 1969 Musicians’ Union May Day concert heard in a familiar note from Lee, “that we should be trying to bring the best within reach of all; but at the same time... broadening of opportunities should not lead to a lowering of standards”.<sup>40</sup> The equation of culture, civilization and ‘high’ Western art held good, just as for Keynes in the 1940s.

Regionalism was not without critics. PEP believed the ACGB should “concentrate” expenditure – London’s 30% was reasonable given its “potential audience” and “international level”. Funding to theatres outside London should be cut PEP proposed. Even if this entailed “hardship for those areas of the country where the level of artistic life is dismally low”, PEP felt, “where it exists it must be fostered... but the present level of subsidy makes it too expensive to create an appetite from scratch” (PEP 329-330).

Eric White, ACGB assistant secretary in the 1960s argued that regionalism was one area in which the Arts Ministry displayed “the character of a shadow arts council secretariat” (White 72-74). Although initiative mostly resided in the regions. “Best practice” came from the North East Arts Association (later Northern Arts Association), established in 1961. He convinced local authorities and business to contribute £40,000, with £500 from the ACGB. Business contributions were no mean achievement given condition of the region’s industry, though annual donations in the 1960s never topped £8,500. The difficulties section 132 had encountered were overcome. In 1967 no local

<sup>39</sup> White 311; H. Jenkins 41.

<sup>40</sup> *H. of C. Debs.* vol.795, col. 716, 5 February 1970; *Lee Papers* 2/2/2/1, May Day Concert.

authority contributed more than a ¼d rate, but 72 of 89 authorities in the region did contribute. The Association's director, Alexander Dunbar, rectified the ACGB's parsimony, such that local authority contributions were pegged to the ACGB's, which by 1966-67 totalled £60,000. Eight of the twelve English Regional Arts Associations started up between 1964 and 1970.<sup>41</sup>

Spending in the North East on music, ballet, drama, film, arts centres and transport tripled 1963-67. From October 1965 the Association sponsored a project to use 20 post offices as mini Art Galleries. Postmaster General Tony Benn wanted "the post office through stamps and crown buildings to promote the arts in the community". But it would be wrong to imagine a uniformly vibrant, cultural scene in the North. Postmasters were "afraid... that they would be required to show nudes painted by local artists" and government spending constraints after 1967 hampered local authority and business contributions.<sup>42</sup>

Another instructive example of local difficulties was the Nottingham Playhouse. Both parties supported civic theatrical development, but the issue was politicized on the city council over rates and whether a new building or a re-fitted cinema should be used. The Playhouse opened in December 1963 and Hayes notes, to be hailed as "one of the best examples of the 'utopian' type of facility for which Jennie Lee had been calling", particularly director John Neville's youth, education and outreach work. Mervyn Jones agreed the Playhouse was a success, playing to 85% capacity at "a high artistic standard", but concerned that its fate had been politically precarious enough to hang on the Mayor's vote and may not have been built had the Conservatives won the 1960 elections. It was difficult for local government, especially in "Coketown" (industrial areas), to prioritise theatre as "what the people want" and required the Arts Ministry to be more strident. ACGB funding was promised only once the Playhouse was open.<sup>43</sup>

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<sup>41</sup> Sinclair 112-3, 133-4; J.S. Harris 104; DES, "A Going Concern"; Gray 69.

<sup>42</sup> J.S. Harris 105; Benn 199, 237, 302, 309; *Northern Echo* 25 February 1963.

<sup>43</sup> Hayes 185, ch.8; Jones 221.

## ‘With It’?

Many Britons were engaged in an entirely different cultural world by the 1960s. If Britain was palpably gayer in the second half of the 1960s – and for most commentators the “if” only concerned whether this was more cultivated – this was more coincidental with than a product of Lee and Labour's efforts. Although Lee flirted with the élan of 1960s pop and youth culture, talking up “cultural revolution” and “cultural bonanza”.<sup>44</sup> In London’s *Evening News* in 1966 she enthused:

Youth today isn’t servile any more. They don’t want to fit into orthodox middle-class society. You’ve got your Carnaby Street and your Mary Quant – that’s this country’s raw material – this enormous energy. Off... on their scooters... to some seaside town and start punching up each other.

Whilst trumpeting a “hurrah for turbulent youth”, Lee cautioned that “one of the saddest and funniest things in the world is older people trying to be with it” (*Evening News* 25 May 1966).

The Arts Council had “tried to remain... ‘with it’”, its 1970 annual report explained. But its New Activities committee, a basis for the claim, was itself invaded by radical protesters in 1969.<sup>45</sup> Nevertheless, such was the atmosphere Lee engendered that *Private Eye* applied for funding. “Nothing could be nearer to my own wishes”, Lord Gnome enthused, than “Jennie Lee’s determination to foster a gay, fun-loving Britain through the influence of the arts”. The editors were dissuaded when it was pointed out the magazine’s anti-authoritarian edge might be blunted by association with so establishment an institution as the ACGB.<sup>46</sup>

Jim Haynes’ experimental Arts Lab, based in two Drury Lane warehouses had ACGB applications vetoed by Goodman. In 1962 Haynes established the Edinburgh Traverse Theatre Club as an outpost of the city’s festival fringe and hub of sub-cultural

<sup>44</sup> *Evening Standard* 17 September 1968; *Sunday Times* 20 February 1967.

<sup>45</sup> ACGB 6; Hutchison 106.

<sup>46</sup> *Private Eye* 5 March 1965; Goodman, *Not for the Record* 287-288.

happenings. Arts Lab followed suit in 1967. Haynes was key to the *International Times (IT)*, a counter-cultural newspaper, launched at a party-cum-rave at the Roundhouse in 1966. Goodman disapproved of the drugs associated with *IT* and Arts Lab. Lee, though at odds with *IT*'s apolitical stance, was close to Haynes and combated Goodman over the ACGB grant. Ironically, the main bankroller of Arts Lab and *IT*, Nigel Samuel, the son of wealthy socialist Howard Samuel, was Goodman and Lee's godson.<sup>47</sup>

Labour's relationship with popular culture was uneasy. Its definition of culture, exclusive of much everyday culture (dress, dance, music), limited its influence in these areas, but also insulated its fortunes from them. Commentators differed over the credibility of awarding MBEs to The Beatles.<sup>48</sup> Lee admired left-cultural activities like Littlewood's Theatre Workshop and dramatist Arnold Wesker's Centre Fortytwo project, named after a 1960 TUC motion. This argued the Labour movement had privileged material at the expense of cultural well-being and contrasted British with US and European trade union cultural participation. Lee thought it a "brave idea" that could "rescue us from the torpor of a subtly totalitarian culture" and sat on its management committee until 1964. Gifted the Camden Roundhouse, a Victorian railway shed, by Louis Mintz (a Mermaid governor), ambitious plans for an artistic hub were hatched and a funding appeal launched. Despite reassurances from Wilson, Lee, the TUC, ACGB and a Downing Street fundraiser, material aid was as limited as popular interest in Centre Fortytwo and by 1970 the scheme was abandoned.<sup>49</sup>

If more proletarian and folksy in content, Centre Fortytwo shared Lee's vision of professional standards countering mass culture. Both strove for business interest and Centre Fortytwo ran regional festivals to 1962. *A Policy for the Arts*' belief that cultural provision was a right like health or education was absorbed from Wesker.<sup>50</sup>

<sup>47</sup> Green 154, 157, 168-9; Interview Haynes 11 Aug. 2005; Laing 90; *Lee Papers* 2/2/2/2, Lee to Wesker, 14 June 1966.

<sup>48</sup> Compare Melly 77; Walker 50; Crossman, 1 January 1970, in Howard 603.

<sup>49</sup> *TUC Congress Report* 435-438; Wesker ch.2; *Encounter* 95-6; *Arnold Wesker Papers*, University of Texas at Austin, USA, 146/10, Wilson to Wesker, 6 Jan. 1965, Lee to Wesker 7 Jan. 1967.

<sup>50</sup> Coppieters 38; Cmnd. 2601 par. 98; *Wesker Papers* 137/4, "Draft Appeal for funds and the 1962 series of People's Festivals", c.1963/4.

But after 1964, Centre Fortytwo was a negative reference point, rapt in the Roundhouse, it retreated to London and was overrun by the counter-culture, diminishing its funding profile. Lee did not contemplate Britain’s cultural life being moulded in the left’s own image.

As the ACGB's historian Andrew Sinclair argues, “the collapse of Centre Fortytwo showed the independence of the Arts Council” and that if “a common culture were to be created and spread to most communities, only state grants could do it”. Otherwise, Sinclair worried, “the consumer culture of the young would pullulate in its many contradictions, or the virus of the... ‘counter-culture’”. True, Centre Fortytwo lost out to pop and counter-culture. But Labour did little to hamper pop culture and for many it, rather than state projects, made for a gayer Britain. As Centre Fortytwo’s artistic director, who resigned in 1968 on the grounds that social change had undermined its premise that class divided cultural life, explained: “new theatres, dance groups, bands, newspapers and fashion... there was nothing to stop the avalanche, helped by the Labour Government”.<sup>51</sup>

It was not, as PEP pessimistically suggested in 1965, that “the appetite for culture in this country is less voracious than many of us pretend”, but that changing popular aspirations competed with and limited the impact of Labour and the ACGB’s ambitions for popular participation in the arts (PEP 329-330). All around new forms flourished and the common national culture was increasingly diverse.

### **Wilson and New Labour’s Heritage**

Labour was a convinced advocate of traditional elite culture, liberal and inclusive in purpose. It regarded it as civilizing, uplifting and a barrier to commercial mass culture. Lee’s efforts in the 1960s involved a belief in the moral value and uses of culture and a desire to infuse Britons with it; a populist awareness of its commercial potential; focus on its consumers and audience besides producers and artists; the state as enabler rather

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<sup>51</sup> Sinclair 150, 147; *Wesker Papers* 137/4, V. Elyashiv, 21 January 1968.

than deliverer. These were also sources for New Labour's take on creative enterprise. Labour's traditionalism in the 1960s contained traces of what by the 1990s was seen as a more modern approach and interest in what were termed creative and cultural industries.

This shift can be traced through notions of heritage. In the 1970s and 1980s *The Heritage Industry* had been glumly tied to "a climate of national decline", preservative not innovative or progressive and a more-or-less conservative version of national identity. But it was increasingly read as evidence of a healthy historical consciousness; not confined to grand houses and galleries, but including popular pasts. In that case it was a marker of post-industrial consumption patterns – heritage and modernity were not opposed but twinned, not least as a creative enterprise.<sup>52</sup>

Alongside if less pronounced than Labour's rhetoric of modernity in areas such as housing and planning, was one of conserving and democratizing access to worthy traditions and institutions. The two were not necessarily at odds. In 1935 Hugh Dalton wrote that "the National Trust is... practical socialism in action" and that, "a Labour government should give it every encouragement". As Chancellor, Dalton's 1946 National Land Fund did that, freeing from death duties land and property bequeathed to the Trust and extending its holdings.<sup>53</sup> Centre Fortytwo received £2,000 from the Trust's Historic Buildings Council for the Roundhouse in 1967. The dramas of evolution to a post-industrial society can be viewed in the Roundhouse's transition from Victorian industry to Arts Centre (like Haynes' Arts Lab, or latterly Tate Modern). Lee's White Paper proposed "a historic building can be adapted at comparatively little cost – certainly less than the cost of a new centre" and thereby "two objects are achieved in one". Besides the Roundhouse, Temple Newsam (Leeds City Council), Corsham Court in Wiltshire (Bath Academy of Art) were cited as examples, as was the Institute of Contemporary Art's use of Nash House in the later 1960s. As the Nottingham Playhouse and National Theatre evinced, new building was politically thornier. A neglected feature of the Wilson government – at the time for

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<sup>52</sup> Hewison; Corner and Harvey.

<sup>53</sup> Dalton 292-293. Dalton was President of the Ramblers' Association, 1948-50.

contradicting the dominant technological (if not planning) rhetoric, after because of the conservative connotations of “heritage” – was its preservation legislation, notably the 1967 Civic Amenities Act and 1968 Town and Country Planning Act.<sup>54</sup>

Lee’s activities and outlook can then be framed by reference to Dalton and 1940s’ planning besides inherited liberal-elitist traditions of cultural thought. They might also be read as a progenitor of purportedly distinctive New Labour traits. Wrapping itself in the entrepreneurial veneer of the cultural industries, New Labour chilled to ‘Cool Britannia’, surfed the IT heat of the knowledge economy and sought to re-brand Britain as “the creative workshop of the world”. Culture Secretary Chris Smith’s *Creative Britain* typified this (derided) exercise.<sup>55</sup> Besides distancing itself from trade unionism, what differentiated New Labour from old ‘Labourism’ were such affinities. Some 1960s evidence hints at New Labour’s creative tendencies, questioning whether old ‘Labourism’ was as narrowly focused as New Labour ideologues like Mulgan or other proponents of the ‘Labourism’ concept have it.

In 1971 Labour felt the Arts was a legacy with which it could attack Edward Heath. Lord Eccles’ proposed introduction of museum entrance fees was denounced as an attack on “our heritage” as, “the British Museum... is a British monument like the National Gallery... we know that whenever and wherever the need arises to refresh ourselves with the priceless collections which are our birthright, we can freely visit these”. Heath retorted by asking why visitors should not contribute to an institution’s upkeep and noting the success of exhibitions that charged. Besides support from Henry Moore and the directors of Manchester’s Whitworth and Oxford’s Ashmolean, Labour had Lord Kenneth Clark’s backing. Clark pointed out that National Gallery charges (of which he was a director to 1937) were designed to deter visitors on certain days.<sup>56</sup>

1970s’ Labour governments saw Hugh Jenkins attempt to democratize the ACGB and Lord Donaldson create the National Heritage Fund. In 1975 Labour discussed

<sup>54</sup> *Wesker Papers* 148/7, “Response to Downing Street Gathering”; Cmnd. 2601 par. 53; *Lee Papers* 2/2/1/3, “Art and Entertainment in the New Towns”, n.d.; Mandler 399.

<sup>55</sup> Smith; Littler; Bayley.

<sup>56</sup> Labour Party, *An Attack on the Arts*; *Lee Papers* 2/2/2/2, Heath to Robert Sainsbury, 1 December 1970; H. Jenkins 77.

enforcing local authority arts contributions allowed by the 1948 Act. It was hoped industry might contribute and that a levy on television advertising should “be channelled back to the creative arts”. Campaigns to culturally enliven the Trade Unions persisted. A 1974 Musicians’ Union motion led to a TUC Advisory Committee on Arts, Entertainment and Sport, though its 1978 congress motion still centred on the 1948 Act.<sup>57</sup> Capping museum charges was revived as Labour policy in 2001, with Chris Smith arguing he wanted “the best of our culture and heritage made available to the greatest possible number, regardless of their income” (*BBC Website*).

In short, New Labour’s use of the creative/heritage industries vocabulary is not so new. Nor was its emergence in political rhetoric New Labour’s invention. Having separated the Arts from the DES in 1979 and slashed the ACGB budget, the Thatcher government awarded a 24% increase for 1990-93, rewarding the introduction of market disciplines. Besides recognizing its tourist appeal, the ACGB was felt to have shed its “welfare state mentality” and increased business investment tenfold from 1979-88, to £30m. Higher education expansion boosted audiences. Though the 1990 handout was also prompted by rising inflation and the spectacle of the RSC at the Barbican running out of money and closing for several months.<sup>58</sup>

During the 1980s a Labour Arts and Museums Association pressed a recognizable agenda. In a 1983 pamphlet the Association paid homage to the 1918 constitution as evincing Labour had long been “concerned with the quality of life”. It argued that like British Rail Intercity trains and “super pits”, the state ACGB was being forced to specialize by Thatcherism rather than provide for all. It proposed decentralizing arts funding; replacing the “secretive” ACGB and that Labour governments must commit to the “preservation... and development of our cultural environment”. The 1980s’ left advocated local initiative and independent production to circumvent Thatcherite control of the state. In hands like the Greater London Council’s, this fashioned a

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<sup>57</sup> Labour Party, *The Arts; Working party on the arts report; TUC Congress Report* 196.

<sup>58</sup> *Financial Times* 18 November 1989; *Guardian* 29 December 1989; Myerscough; Laing 47-49; Porter 382.



cultural politics, exemplified by Mulgan and Worpole’s *Saturday Night or Sunday Morning?*<sup>59</sup>

Rich as the parallels between 1960s’ initiatives and New Labour are, there are differences. That the Heritage Department (as it had been since 1992) was renamed Media, Culture and Sport suggested a lingering suspicion of ‘heritage’, if also that ‘culture’ was integral to, not separate or superior to other spheres and might be fun *and* edifying. New Labour is more pluralist, less attached to specific cultural forms. It has embraced the market, inverting the opposition of culture and commerce. Excellence for global competitiveness has supplanted Lee’s insistence on standards for edification. Critics hold that this cultivating notion of the public sphere has given way to one more commodified, frivolous and individual-centred. Blair’s association with Britpop and Art (like Damien Hirst on *Creative Britain*’s jacket) was more substantive than Wilson’s ‘pop’ credentials.<sup>60</sup>

Mulgan’s own evolution itself hints at earlier influences (including the Greater London Council) on New Labour thinking. As director of think-tank Demos in (and subsequently No.10’s Policy Unit), advanced a recognisable cultural critique of ‘old’ Labour in 1996: more work-oriented and producerist than European social democracy (as Centre Fortytwo argued); too deferential to elite and critical of popular culture; too fond of the state and hostile to the market; too earnest and lacking a sense of pleasure or risk; too attached to the worthiness of the public sphere and averse to the private or “domestic”.<sup>61</sup> Evidence from Lee’s tenure blurs this easy dichotomy and questions Mulgan’s judgement. But however much Mulgan is playing fast and creative with Labour’s past, such critiques of Labour’s cultural politics have long been the norm.

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<sup>59</sup> Labour Arts and Museums Association; Mulgan and Worpole.

<sup>60</sup> J. Harris ch.12; Littler 208-209.

<sup>61</sup> G. Mulgan 195-213. New Labour’s relationship with the GLC is also explored in J. Curran, I. Gaber and J. Petley.

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## **From Cool Britannia to Generation Berlin? Geographies of Culturepreneurs and their Creative Milieus in Berlin<sup>1</sup>**

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### **A New Cultural and Entrepreneurial Generation?**

#### *Defining the Novelty*

In the wake of the political formation of a so-called “Neue Mitte” (a “New Centre”) in Germany in 1998, it is feasible to study the connections between political strategies and socio-cultural urban development processes. With the paradigmatic political change of 1998 in Germany, individualistic and entrepreneurial qualities were emphasised not only in political discourses, but also in efforts restructuring labour markets. These results interact with the urban sphere in a new way. The term ‘Culturepreneur’ refers to one potential champion of these developments.

Initially, ‘Culturepreneur’ is a compound of ‘cultural’ and ‘entrepreneur’ and was first suggested by Davies and Ford (“Art Capital” 13) following Pierre Bourdieu’s typological notion of an entrepreneur who embodies various forms of capital (Bourdieu 241). The term ‘Culturepreneur’ – so it is assumed – describes an urban protagonist who possesses the ability to mediate between and interpret the areas of culture and of service provision. The empirical material will demonstrate that there is as yet no professional category for the “curator”, “project manager”, “artist”, “website

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designer” who is transparently multi-skilled and ever willing to pick up new forms of expertise. He may then be characterised, first and foremost, as a creative entrepreneur, someone who runs clubs, record shops, fashion shops and other outlets, who closes gaps in the urban with new social, entrepreneurial and spatial practices. Such knowledge and information based intermediaries increasingly emerged in the gallery, art and multimedia scene in different European metropolises, foremost in London in the 1990s (cf. also Grabher “Urbi et Orbi” and “Ecologies of Creativity”). Davies and Ford (“Art Capital”) characterise a type of people who, in structural terms, are communicative providers of transfer services between the sub-systems “business related services” and “creative scene” and, in doing so, seem to satisfy a necessary demand (cf. Koppetsch and Burkart 532).

Due to this relatively vague analytical definition, the term Culturepreneurs represents an open (re-)search concept. With respect to the current debate on blurring boundaries between the economy, culture, knowledge and politics in the urban context, I propose to consider the economic, cultural and spatial practices of the new cultural entrepreneurial agents as testing cases in an urban ‘laboratory’ situation. In the context of lasting economic crises, they might play a decisive role as incubators and attractors for the formation of new creative knowledge milieus (cf. Matthiesen, “Zwischen Spardiktat und Exzellenzansprüchen” 11). Their creative and innovative business and art practices might combine local skills with creative knowledge and new ideas. This is highly desirable in a de-industrialised, declining and stagnating urban economy such as Berlin.

### *Culturepreneurs*

Following the end of the Kohl era in 1998, a new political beginning of the type wished for by the generation of ‘68 seemed not to be directly achievable. Germany’s new holders of power took as their model Britain’s Prime Minister, Tony Blair, and the ways, means and strategies of New Labour. His politics provided the template for the envisioned new beginning of the German Federal Republic. Tony Blair, however,



had not carelessly discarded the political ideals of the British Labour Party, the party traditionally representing the working class. Rather, he gradually developed the vision of a new Great Britain with the slogan and buzzword “Cool Britannia”, for which he semantically prepared the ground. With the reformulation and reinterpretation, not only of existing social realities but also of those yet to be developed, a forward looking vision was created, initially on a rhetorical level. Carefully timetabled, and to the surprise of some, deregulation then appeared on the political agenda: Neo-liberal realities showed up in the rhetorical guise of views of society which were fit for the future.

Politicians and economic policy makers thereby assigned a forward looking role to creative professions in an economy based on information, creativity, knowledge and innovation (e. g. Landry; Leadbeater; Florida). Using the slogan “creative industries” since the late 1990s, they promised themselves as the generation of new forms of work, new work places and innovative markets.

After a first wave of very optimistic attitudes towards the new leading role of cultural producers at the end of the 1990s, the work and life situation of cultural producers and their relation to the social and urban situation have in recent years been the objects of increased critical scrutiny, on both the local and the global level. This occurred against the background of the stylisation of cultural as well as generally unpaid or underpaid activities and creative professions. Formerly assumed to be exceptions to wage labour, they served as models of self-determined work in post-Fordist society, on the one hand, to press ahead with the dismantling of state responsibility, and, on the other, to promote the entrepreneurial self-optimisation of the individual (cf. Verwoert 45). In this respect, the catchword “new entrepreneurship” alludes to individualised marketing strategies and social hardships, but also to a skilful alternation between employment office, employment and self-employment structures.

In 2004, a shift of perspective occurred in the European cultural and scientific community with respect to the relation between self-organised creative work and the politically and economically defined cultural economy. It was the daily experience in

different European cities such as Paris, Barcelona, London, Berlin, Munich, Zurich, and Madrid that forced many to rethink their societal as well as individual roles (McRobbie, “Creative London – Creative Berlin”). Especially cultural producers as well as social geographers, sociologists and cultural scientists started debating new economically and socially conditioned mechanisms of exclusion and inclusion. Today, the attempt to capitalise on creative work and to bring it under the direct control of the capitalisation process that is summarised in the phrase of the creative industries, has lost much of its public appeal with the flop of the New Economy and the “Ich-AG” (i.e. German for “I Inc.”). But the conversion to a society of self-reliant creative entrepreneurs who successfully market their own ‘obsessions’ is still underway, only less glamorously than in the mid to end 1990s (cf. Wießner).

The concept of the Culturepreneur has even become a new export good: In the case of Berlin, e. g. the city’s public relation agency “Partner für Berlin” (“Partners for Berlin”) makes an effort each year to send a number of entrepreneurial web, fashion, and multimedia designers abroad to represent and market the “New Berlin”. The design oriented branches are important inspirations for the successful export of a young and trendy creative “Berlin”, which has helped, as an urban and national label, to create a specific marketing identity for the most diverse creative industries.

In the following, the question will be discussed of what this social reconstruction, personified by the figure of the Culturepreneur, is tending towards, whom it serves, and what it embodies spatially, what effects it has on the constitution and the necessities of urban scenes. The thesis thus emphasised is: It will be important to investigate locations and spatial materials used by the Culturepreneur in order to grasp his role in the reconstitution, reformation and performance of new social formations such as scenes in the age of an increasingly individualised and fragmented urban society.

Following Koppetsch and Burkart (“Werbung und Unternehmensberatung”) and Casey (*Work, Self and Society*), I claim that, up to now, social diagnosis has ignored systemic changes (in the economy, culture, politics, etc.) concerning cultural professions (and

their norms, rules, values, practices). Within the framework of a spatially oriented sociology of work, an analysis of new job profiles in the field of knowledge and culture requires the systematic integration of cultural aspects, new communication and learning strategies, and modes of sociality. The crucial role of the spatial and locational aspects for the formation and establishment of new – and in the beginning insecure – start-up business practices, especially under the conditions of the so-called New Cultural Economy, has so far widely been ignored.

Therefore, I will firstly analyse the type Culturepreneur as primarily addressed by Davies and Ford (“Art Capital”). I am aiming to extend this notion and will question whether those new professional intermediaries can possibly also be regarded as ‘space pioneers’. The extent to which their appearance in urban areas can specifically be explained by involving geographic as well as social space will be examined. I will clarify which abilities are attributed to the Culturepreneurs, what kinds of agencies they require – or create for themselves – in order to build up networks, to arrange meetings, and to establish urban laboratories where new products can be tested and where experience and knowledge may be shared. Which urban locations do they need? Will they create their own locations and landscapes in the absence of suitable existing ones? How do they communicate, perform, and present themselves beyond the traditional settings offered by employment agencies, trade or art fairs and corporate associations?

Secondly, the aspect of performativity as well as the performative role of the Culturepreneurs in an urban context and in the development of cultural clusters, called “local cultural industries”<sup>2</sup>, has not yet been the subject of discussion. The accumulation of cultural facilities and “cultural capital” in one place has – as often assumed – a positive impact on the site policy of “placeless” service economies. Particularly, it is the “new creative worker”, active in the “business related services”

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<sup>2</sup> The term ‘local cultural industries’ reflects the importance of knowledge- and information-based service providers within an urban post-Fordist service economy, which has increased over the past ten years (Zukin). It is from those innovative and flexible industries that cities are drawing their hope for economic growth and symbolic image gains. In this context the so-called local cultural industries – expressions of an ever-growing urban cultural sector – are increasingly becoming the focus of attention (cf. Bassett, Griffiths and Smith; Pratt).

sector, who expects and requires such social and creative milieus for her/his professional activities (e.g. Helbrecht).

This article, at the same time, asks for the interpretations contributed by this type of people to the urban conditions, and also addresses the cultural economic modernization status of the new German capital of Berlin. With respect to Blum ("Scenes" 7), who concludes that "the body of literature and research on cities seems to be silent on the questions of scenes", theoretical discourses will be integrated with empirical results, and thus a first step to overcome this silence will be offered.

To put it in more abstract terms: If the integrative machine "the city" no longer functions comprehensively, which visible and invisible social micro-formations will appear in an urban society? Which of these will take the place of the traditional, formal and, concomitantly, democratically accountable forms of work and engines of integration?

## **Processes of Individualisation and 'Scenification': On the Constitution of the Urban Space**

### *Experiencing the Urban*

An aesthetic of the urban and an atmosphere of limitless possibility are fertile soil for the new, creative entrepreneurs, many of whom have planted in it the seed of their own business or urban dreams. The politics of the British and the German "New Centre", starting in the UK in 1996 with Tony Blair and in Germany in 1998 with Gerhard Schroeder, have a significant effect on the development of this new type of cultural entrepreneur. The addressees of these policies (and image politics) are representatives of a de-structured urban society that is not only extremely individualised and ambivalent. As a result of numerous uncertainties, lost communal reliability, and an alleged multi optionality with regard to life choices, individuals are required to make a series of new decisions concerning their behaviour in order to situate themselves in an urban society.

The spatial location of playful experimentation with this demand for individualisation is the city: The city is seen as the laboratory for one's own ideas, irrespective of the fact that the individual protagonists are subject to new patterns of flexibilisation and processes of social disintegration, which can best be absorbed in the urban. Individualised entrepreneurial existence strategies, however, are positively coded, in terms of socio-politics, and have been so at least since 1998. Here, the independence demanded by politics, and the gradual exclusion from the social security system are gallantly whitewashed by the type of language chosen. The result was a politics of rhetorical images and the redefinition of symbols. Images and symbols had to be found which proclaimed realities, rather than possibilities, ideas rather than delivery, attitudes rather than events. Following the German parliamentary election of 1998, Gabriele Fischer, editor-in-chief of the magazine *Econy*, suggested that the presentation of business as an adventure might be the formula to re-ignite desire for the project "work", and proclaim the realisation of daily existence not as a burden and daily chore, but rather as a source of fun and personal fulfilment. This type of politics addresses people "who want to break free, who want to do something, who still see business as an adventure and are not always complaining about bureaucracy and the burden of taxes" (Fischer 1ff.).

### *The City as an Adventure Playground*

In retrospect, Gerhard Schroeder's image politics – in contrast to its self-proclaimed orientation towards the future – greatly romanticises the image of a self-reliant, pioneer-like entrepreneurship in the adventure playground of the city. Thus, on the one hand, the city organism appears as a potentially chaotic, open, but at the same time "cool" territory that provides ideal conditions for Culturepreneurs. On the other hand, the logic of the adventure playground means, subliminally, that as part of this individual entrepreneurial campaign, risks should not be judged to be existential threats, but rather be understood as new opportunities for orientation, i.e. opportunities for acquiring personal knowledge for future operations. As expressed by Gerhard

Schroeder in his 1998 statement of government policy, the “social net” of the welfare state must “become a trampoline”.

The counterpart to these images emerges in modified form in the marketing strategies of cities. The city is increasingly establishing itself on media image levels, constructed according to imaginary models (for example, historical Middle Ages, Tuscan or Mediterranean) and fixed typologies whose socially integrative relationship is difficult to discern. In the municipal context, image strategies are increasingly geared towards a group which is young, dynamic, happy to make decisions and willing to consume, and which, in turn, tries to correspond to the ideal type represented by these marketing strategies for the urban.

This way, specific urban articulations, for example in Vienna with a mid 1990s kicking drum’n’bass scene, in London with hip and trendy fashion makers, and in Berlin with young and cool multimedia and designers, became known to a wider audience. The cities, in turn, see in this clientele, whose self-image comes very close to that of a company – the “I Inc.” – the opportunity for an expansion of the business related service sector, for economic prosperity and for profit in terms of image.

One positive, yet ironic interpretation of this emerging milieu could assign to this new type of entrepreneur a much needed function in the economic sector of the city as the creator of bridges and systems of communication between the two subsystems of economy and culture (cf. Bude 9). At these hubs of communication, whose physical equivalents are club events, gallery openings and start-up opening parties, questions concerning the modernisation of the city are addressed anew. It is not the self-presentation and self-celebration of the individual, which should be accepted as principal significance of these patently performative events. The “places of the Culturepreneurs” are a platform for social interaction and transfer, rather than a permanent and purely economically structured place; platforms on which, using urban materials, new relationships can be tried out. The question of the present urban planning and urban development making of places in the city in times of significant

and generally accepted transformation processes is inevitably linked with the question concerning who such places shall be made or changed for.

### *Modes of Social and Spatial Re-Embedding*

Socially disintegrated, the urban individual finds him/herself exposed to a large variety of alternative actions and decisions that can facilitate societal place making (cf. above all Beck 17ff.). ‘Dis-embedded’ from known socio-structural safety nets, such as the church, trade unions and codified associations and increasingly also family ties, the individual has to decide on some social contexts – such as milieus or scenes – that ensure suitably flexible social integration opportunities (cf. Banks et al.).

However, structural modes of “post-traditional communities”, noted in this process (Baumann 19), are very much unclear. Post-traditional communities differ from “settled and established communities” (Hitzler and Pfadenhauer 78) in that memberships can be revoked at any time since they are largely free. According to Baumann another difference is that they create an “imagined or aesthetic community” which provides the short-term illusion of being coherent in terms of forming opinions as to what is right and relevant. It has authority as long as it is assigned authority, since it has only little institutional sanction potential. The power aspect, posited by Baumann and Hitzler and Pfadenhauer, is based on the potential of persuasion, on the per definition “voluntary emotional bonds of the agents conceiving themselves as members”. However, from an analytical point of view, there are also obscurities with regard to participants of the “persuasion debate” (Baumann 19), particularly regarding the question of the how and the critical examination of individual contexts. How and where does the establishing core of the communalisation processes form? Or, to put it more directly: How is the urban space constituted nowadays? Who literally works towards its constitution?

Initially, it appears to be less significant to identify purely aesthetic and visible surface phenomena (clothing, outfit, etc.) as modes of integration and motives of the desire to

participate in scene-formation processes. While one may surely consider this to be a subordinate aspect of being socially integrated, questions arise with regard to the deep structures and subjective motivations of agents integrated into specific social, political and mental formations. My findings suggest that the mere participation and assimilation in a collective during one of the much-quoted techno or rave events *cannot* – in analytical terms – yet manifest the core of processes of scenification.<sup>3</sup>

### *Performativity and Spacing*

More recent approaches, however, explicitly explore the rank of space and show that space establishing processes are progressively more complex. Löw (*Raumsoziologie*) pointed out theoretically that such processes are “brought about in acting by a structured arrangement of social goods and people in places”. According to Löw “objects and people are arranged synthetically and relationally” (204). She posits that spaces are not always visible formations but can also be materially perceived. Accordingly, spaces are ascribed a potentiality that is characterised by the term “atmosphere” (Böhme 24ff). According to Blum,

...the element of theatricality integral to the scene marks the importance of its site as an occasion for seeing; the scene is an occasion for seeing and being seen and so, for doing seeing and being seen. But to mention its occasioned character is to bring time as well as space to the grammar of scene. For if the scene is a site, a space for seeing and being seen, its occasioned character marks it as the site whose engagement is punctuated temporally as if it were a ceremony.  
(cf. Blum 14)

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<sup>3</sup> It shall suffice to refer here to Funke and Schroer (“Lebensstilökonomie” 219 ff.) who do not assess Hitzler’s dictum of a necessary integration into new forms of communalisation to be optional and conditioned purely emotional or aesthetical. Both authors hold that “sovereignty in issues of lifestyle is not superfluous luxury but competence of import for survival” (ibid. 225). Hence, the socially differentiating criterion is less an apparently freely selectable subjective stylisation but an ambivalent “non-compulsory constraint towards necessary stylisation” of the self (ibid. 227).



The constructivist approach by Blum and Löw makes a changed relationship between body and space, the individual and the temporal collective the centre of attention. The task at hand, further developed from this point, is to address the experiences and emotions, which are intrinsic in physical bodies and interact with the built-up space.

Widely noticed but rarely integrated by municipal powers in the communal politics, the number of private exhibition rooms and clubs in Berlin has multiplied in the 1990s, particularly in the latter half of the 1990s. Nevertheless, the do-it-yourself attitude of the producers had its impact on the city's municipalities: Until the mid 1990s, the illegal character of many creative initiatives was ignored or silently accepted. Later, forced by investment capital and reconstruction activities, this laissez-faire attitude was swept away. The fact that the efforts of the creative initiatives have their roots in the youth culture suggests a new authenticity, which is also an indication of a self-regulated variety. So far, the protagonists of this youth culture have found themselves constantly at loggerheads with the municipal authorities.

Berlin involuntarily supplied these cultural initiatives with open space, empty buildings and also an unclear planning situation. Due to the ongoing process of urban unification, existing open spaces provided the existential base for those activities. These cultural projects of the 1990s were confronted with the practices of many initiatives which had their ideological roots in the 1970s and 1980s. 30 to 40 years ago, Berlin's International Building Exhibition (IBA) worked towards establishing and strengthening the local level, the "Kiez"<sup>4</sup>, as the distinct form of a geographically based and essentialist locality. As they sometimes cooperate and sometimes struggle against each other, a conflict is diagnosed between two generations with distinct and significant differences in their spatial practices.

Other researchers claim to identify processes of spatial disintegration, for example, of centres of creativity (cf. McRobbie, "Clubs to Companies" 479). Using the case of Berlin, it will be demonstrated that outside the dominant and for the most part visible emplacement strategies of the historical and desired service complexes in the inner city

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<sup>4</sup> German for 'hood'.

parts, new tactics in spatial practices can be observed by new urban protagonists, the Culturepreneurs. The analysis of these can provide insights into the current social formation structures. The following cases represent an urban platforms deal with action in the tense relationship between neo-liberal existential basic conditions and the desire for an economic and artistic realisation of one's own ideas. This simultaneity and complexity of the observed processes refer all the more – on a methodological level – to context-sensitive approaches and a view of the transformation scenes. This suggests that it is appropriate to also examine the emergence of the new as something novel (cf. Matthiesen 130).<sup>5</sup>

## **Launching an Entrepreneurial Project**

### *Preparing the Place*

The first case study deals with three men aged 27, 32 and 35, two of whom studied graphic design in Cologne until 2000. They worked there during their studies in different offices and agencies, and acquired additional experience after graduating, as employees with far-reaching competences and tasks in other – also international – agencies. In late 2001, they moved from Cologne to Berlin and searched for office space in the Prenzlauer Berg borough. They found a suitable office near Helmholtzplatz, which was a disused shop with a floor space of approx. 145 m<sup>2</sup>. The rent was quite cheap, they redecorated the rooms themselves, brought their equipment,

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<sup>5</sup> The empirical material for the following analysis is based on 25 interviews chosen by virtue of their entrepreneurial and artistic activities, conducted by the author in Berlin between September 2002 and April 2003. A preliminary methodological remark: whenever an individual case is mentioned below in methodical terms I am aiming at generating themes, categories and narratives from sequences of guideline-supported and semi-standardised interviews. What will come to the fore in doing so are above all life-world-related aspects as well as situational and socio-spatial ascriptions that provide a superior-level explanatory basis for certain agents and their pertaining professional groups and their networks. Those levels of meanings are reconstructed, i.e. developed from the statements in the material, subjected to comparative reviews and contrasted. First generalisations of professional biographic transformation situations and their spatialisation become possible. The latter in turn then do not provide information about an individual case but about the specific milieus, scenes, and social arenas, institutional local, regional and supra-regional intertwining and structural situations, which are articulated in the sequences of the case. Ethnographic field observations generate further centrally observing angles of incidence into specifically condensed situations.

and 'organised' table boards. An Internet connection was established via a free hanging cable from their window across the courtyard to another office next door. Work commenced with an enormous party.

Field record: We are sitting in the anteroom and they explain to me some of their projects, also planned ones. It is not really peaceful, the anteroom has to be cleared since a friendly gallery owner and her artist plus some works from Bremen are due to arrive tonight. The anteroom facing the street – where work is done at four large desks during daytime – is emptied. The next-door DJ is setting up his sound and light equipment in the doorframe (the light gear includes a multi-mirror disco sphere and a video projector), some beer crates are lugged in.

Half an hour later the room is empty, the curator appears and starts placing the objects, frames are put up at the walls, carpets unrolled on the floor, flyers and information leaflets put on display. There is no formal opening. At some point the whole room is filled with people. At about 23:00 hrs the room is brimming over, smoke, electronic music wavers across the heads of the visitors, some of them are dancing, more people pass by and crane interested heads into the place or push off. Colleagues, competitors and critics arrive, most discussions focus on potential orders, past jobs and safe contacts.

At about 1:00 hrs two of the three office owners stand outside in front of the door, exchange views with colleagues from another agency. I learn that two of the three owners have registered unemployed with the labour office, use another person, namely the third owner, as a stooge to bill their services and that the two former are currently trying to organise start-up capital out of their phase of unemployment. The field discussion was started by asking "Are you also going about things like this...?", and was casually answered in the affirmative (end of record, documented on 23 May 2003 by the author).

*Forming Identities*

Their identity-creating work is rooted in their training as graphic designers at the University of Applied Sciences so that they may be called – in the widest sense – design-intensive symbol producers. They define the specifications of their production with the term “holistic designs”, which for them implies necessarily high design standards as well as an artistic self-image in the performance of their activities. This specification shows, on the one hand, artistic motives; on the other hand it is unspecific, adjustable and extremely variable in terms of content.

Their project-based studies at the University of Applied Sciences were characterised by open structures or ‘quasi pre-programmed independence’. The project studies trained them to become ‘universal dilettanti’. These self-ascriptions show learned but also unquestioned flexibility aimed at attaining the necessary and professionally desired expressivity, as well as absolute professional, but also personal control of the content of their products.

Conditioned by the socialisation patterns of their education, the transition to their work life appears to have been successively prepared by their life-world. Actually, there is no well-defined entrance into work life; education and work life were rather entwined over several years. The continuation of those entwined phases systematically manifests itself in the conceptualisation of their business: the latter will be established, besides its thematic openness, also in socio-organisational terms, as an interaction platform and docking-stepping grounds station for other agents (friends, acquainted and professionally associated agents etc.). Consequentially “working in a team” entails a professional integration of like-minded friends and even partners. Consistently, the name of the *Greige* office does not cite the names of the owners, as is customary in Germany, such as Springer & Jacoby. The name *Greige*, a reference to a colour between grey and beige as coined by Le Corbusier, refers rather to the socio-organisational idea of interdisciplinary work in network structures.

Work in networks is structured systemically, where every agent from different European cities who temporarily collaborates on a project, contributes his or her skills

to the current work. This organisational structure can be swiftly and flexibly adjusted to any external requirements. Thus, new enquiries and orders may be addressed within a few hours or days, by putting together appropriate teams. A suitable team can be presented to third-party clients not only as a quantitatively large but also as a perfectly suited design office.

This organisational model consistently combines and links work and private spheres. Strictly speaking, there are no classical work time models and time structure models that find application in all situations. The previously separated life-world spheres of “work” and “leisure” are defined according to specific order and employment situations. The organisational structures of agents in the field of symbol-intensive service provision swiftly point to – as it is documented in the above record – hazardous subsistence conditions of urban cultural-economic transformation structures, but also to strategic responses of individual precarious situations. Hence, in the following the focus will be placed on questions about the tactics and strategies that can be derived from the self-ascriptions of agents and that are developed in times of extremely low competition (due to hardly any order intake).

Special emphasis is placed, on the one hand, on free design competition, networking and integration approaches, as well as on cooperation with associated offices. On the other hand, we can hypothesise from our observations that micro-spatial strategies are used to subject immobile and ostensibly clearly programmed office space to various sorts of temporary change and re-programming. However, the following is less an artistic or effectiveness-related evaluation of such micro-spatial policies, rather than an investigation into the variable range of strategic approaches adopted by expressiveness-gearred professional groups as they offensively react to difficult subsistence conditions in times of economic crisis and structural upheaval. Place matters!

Such internal orientation and (re-)structuring of places shows a sample of elements of responses to the extreme structural crisis and scarcity conditions of Berlin. Yet, besides their organisation as a flexible supply-oriented platform with extensions in

many other European cities, I have also identified approaches to a development of creative demand options. The necessary organisationally competitive character of the *Greige* enterprise highlights communicative strategies in order to make proactive use of the micro-location ‘office’, in the sense of place-making, as a hub for fluid social communalisation and cultural scenes targeting new attractiveness.

### *Playing (with) the Places*

Culturepreneurs’ locations are part of a highly individual and, at the same time, playful practice of (attracting) attention. In order to register locations in the minds of other people, a specific policy of location and scene is necessary, which renegotiates (a sense of) cultural belonging. *Greige*, for example, may be the meeting place for an open, but clearly defined, group of friends, colleagues, and rivals, for the interested and for the curious. Its access and perception are guided by policies, which displays similarities to those of a club. However, the familiar selection mechanisms of a club – i.e. bouncers turning people away at the door – take on a more subtle form in the case of *Greige*. A variety of media, such as word of mouth recommendation, or mailing lists and flyers ensure that information on forthcoming events, exhibition openings, or even new products, reaches a specific target group. Apart from this information policy, however, efforts are also made to ensure that the location *Greige* occasionally recedes into oblivion. For months on end, nothing happens; no events are organised, partly, because there are other matters to be attended to.

In the case of *Greige*, we can see that a game is being played with visitors, camouflaging the location, and then returning it to public consciousness, at a later date. *Greige* works without an annual plan and announces art exhibitions at short notice by sending invitations via e-mail lists, above all to selected friends and interested members of the wider art scene. The header on the e-mail indicates (or fails to indicate) membership to what has thus ostensibly become a scene and is the criterion for inclusion or exclusion in a social formation about which no one bothers to talk openly.

This, at first, surprising and seemingly contradictory strategy of hiding is a sort of behaviour, which evokes memories of the old socialist mentality with regard to the service industry: the customer is not king, and business apparently doesn't matter. This strategy is also employed outwardly: to the outside world, the appearance of the location *Greige* offers no indication of what events take place inside. Only insiders and those with local knowledge perceive it as a place where events and performances take place; only they can read the local urban landscape. In positioning itself in urban space, by means of this policy of hide-and-seek, *Greige* creates not only social difference, but also keeps the broad masses at a distance.

When eager searchers do nonetheless find the location, another subtle differentiation criterion is brought into play. At the parties which take place, for example, after openings, present guests are offered a variety of identification patterns by means of art exhibited and electronic music played. It is the assignment to these cultural-symbolic products – based on the extent to which the performance can be experienced and interpreted – which, in the first place, makes a memorable participation in the event possible. This is where the subtle exclusion strategy lies: no one is refused entry to the location; indeed it is rather the case that anyone may be admitted, but only a few are integrated. This integration is also a challenge to secure membership on a permanent basis, the changeable character of the location guarantees, in the first instance, that no trend is created, that no financial dependencies arise, and that commerce does not hinder the creative enterprise. It is this act of maintaining a balance of permanent change in the differentiation criteria, an avoidance of pure commercialisation, and the employment of hiding strategies, which ensures the survival of this location and its protagonists, for some time. If they were to position themselves as an open counterpart to existing cultural and social currents (the “underground” model), they would immediately be culturally chewed up by the urban trend machine and financially destroyed, as indeed they would be, too, if they adopted the “mainstream” model (as was the case in Berlin for Hackesche Höfe or other locations).

Their interest in location, and in what location expresses, indicates, for one thing, pleasure in the local coding game. Pleasure, however, comes up against the necessity

of dressing the location in a specific narrative of location-symbolism in order to be perceived at all. In this game with the significant, locations are, for this reason, battlefields of symbolic landscapes in the post-industrial city. Subtle tactics of social positioning can be observed at (and in dealing with) these locations. Even places in relatively established housing areas display heterotopic characteristics. They can no longer be categorised as underground or mainstream, as would have been perfectly possible a few years ago: those who operate and play at the locations have achieved a degree of reflection, which makes it possible for them to employ emplacement tactics which work with and play in economic and cultural terms with social Utopias, with alternative blueprints. They make use of traditional standards of Bohemianism. Yet, for this very act of adaptation and their understanding of the *Zeitgeist*, they are pop-revolutionaries and, so, responsible for post-urban transformation processes.

## **Exploring and Designing Berlin**

### *Ethnographers and Storytellers of the Urban*

Our interview partners (one female, one male) are 26 and 27 years old and hail from Lucerne (Switzerland). They received training as graphic designers in Switzerland. In 1997/8 they relocated to Berlin where they worked as interns in several agencies, took on the Art Direction of a magazine and did mainly freelance graphic work. Since January 2002 they have been working together in a disused shop in Friedrichshain, in the borough of Kreuzberg-Friedrichshain. They have been integrated into a residential quarter management project titled “Boxion”.

Their identity-creating work is rooted in a wide range of creative design production, mainly in the print media but increasingly in the Internet sphere. Besides smaller orders, they were given the opportunity of designing the magazine *Berliner* in 2000. Three issues of this high-quality magazine were published before it was discontinued. It was a medium in which – *nomen est omen* – Berlin was re-discovered. The



following is a closer review of the identificatory content in the work on a Berlin magazine by the two Swiss partners mentioned above.

What is striking is their approach to “move something with a company formation”. This moment of movement and moving in space presupposes a space that is not pre-moulded, or better, it presupposes ‘space’ per se. This sense construction of a space that is, in their view, not pre-moulded, forces the agents to develop strategies of self-assertion in space, to quasi discover their own territory, and to symbolically occupy and re-code it. The counter-horizon of Berlin, formulated and stylised in the process as a *terra incognita* or a ‘no land’, consists of the morbid charm of the former workers’ borough of Friedrichshain, cultural artefacts in the form of East German residents, their hidden leftover stocks of cultural knowledge, socialist practices and behaviours. Thus, this self-ascription of the agents shows a moment of ethnographic significance. The two agents conceive themselves as strangers in the city of Berlin, and basically take on the role of ethnographers, via which they re-define and re-evaluate the social relationship between insider and outsider, old and new, in and out.

They use a variety of attributes to describe a romantic situation of Berliners, an almost extraterrestrial situation, a spatial peculiarity that is hard to match. The symbolic space of Berlin appears to the agents to be a project, a space for movement that seems to be, for the most part, suited to their current life-world, and their professional and social situation.

### *“Being Berliner”*

This sense-making role, however, does not only exhibit exclusively self-referential aspects, but also includes clear signal patterns of a network-like sociality: both agents develop a product, a magazine titled *Berliner*, which represents, on a graphical level, the disparate cartography of how the two protagonists perceive this city. In other words, this product bundles social and psycho-geographical orientation knowledge that is distributed to a fluid community of temporarily like-minded people.

This process imparts an image of a new location in Friedrichshain, a “scene and pub borough” that has been prospering for years, as a moving event space. The ‘mood level’ and new borough initiatives and siting practices by ‘culture management agencies’ (such as the “Spielfeld” agency<sup>6</sup>) are accompanied by very concrete structural changes at the ‘business structure’ level. Thus, the semantic, graphic and event-oriented special expertise is produced, imparted, distributed and supplied to a broad clientele by ‘scene’ experts. It is at this intersection that the ability to recognise socio-spatial potentials and their economic utilisation is combined with entrepreneurial philosophy. The company name chosen by the agents, ‘Substrate’, is programmatic, since it commodifies their entrepreneurial cultural practice and hence represents their life-world identity.

This construction and situational self-ascription forms the bed of the bohème-like marginal position (that is also related to a cliché) from where the two Swiss can position themselves as artists and make professional use of their situation. Hence, the obvious positioning and self-ascription fits in with the spatially conditioned location perception in Friedrichshain so that the – in their view – disparate transformation material (old workers vs. new designers, anonymity vs. socialistically idealised practices, etc.) permits the recognition of a stimulation substrate which, in turn, is reflected in the products of the two Swiss. What is not shown are economic and social interdependencies or any other factors that keep the business economically afloat. Rather, they search for a necessary stage to formulate their biographical self-design in the unfiltered austerity and symbolically not yet fully used geography of the local. In their self-stylisation, the agents produce a social arena, a mental territory within which they relish re-coding the social hardships, deprivations and stagnation situations as a subtle stimulation potential.

The counter-horizons are the common myths of Berlin, the “city as an island” that is to be conquered, “Berlin mentalities”, but also structures of local opportunities brought about by economic decline in the perforated – and declining – workers’ boroughs of

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<sup>6</sup> Spielfeld is a company and event agency communicating and managing cultural projects in socio-economic instable housing areas of Berlin (online, 15 May 2004, available: [www.spielfeld.net](http://www.spielfeld.net)).

Berlin. Hence, the basic motive correlates with Berlin metaphors of the early 1920s, during the Weimar Republic, when individual and also entrepreneurial self-assertion as both a cultural and an urban project fully caught on for the first time, and fully unfolded its potential.

The high degree of adjustability between professional and biographic situations is combined with the geographical place-making of the ‘Substrat’ enterprise. The economic transformation context of Berlin, with its neo-liberal and extremely flexibilised labour market demands in times of scarcity is translated as an invitation to cultural self-assertion and entrepreneurial self-realisation. The territory that is not yet fully transformed and encoded is identified as a stimulating milieu, with references to the 1920s, when the city was made out as an adventure playground and site for new cultural projects.

### **Culturepreneurs? Spatial Competence!**

Empirical field material made it possible to show for the first time that, for the city of Berlin, Culturepreneurs’ individual emplacement strategies are not to be read as just the product of neo-liberal policies and processes: attaining autonomy has been forced upon them by a need to secure a livelihood. Culturepreneurs embody a highly ambivalent relationship: the catchword “new entrepreneurship” demonstrates individualised marketing strategies and social hardships. It also indicates the temporarily skilful alternation between different modes of institutional integration (McRobbie, “Kunst, Mode und Musik” 14; McRobbie, “Clubs to Companies” 476).

The spatial practices of these urban pioneers provide insights into new urban ways of behaving and are helpful to the analysis of communal culture. They also allow, what Angela McRobbie (“Creative London – Creative Berlin” 3ff) named “cultural individuali-sation”, the observation of the playful (self) production and performance tactics of these individuals on the urban stage. These tactics reveal consciously constructed identificatory opportunities for adoption and adaptation, deliberately

littered with contradictions for the purpose of fine distinction. The spatial practices and entrepreneurial activities are treated as significant changes in the reconfiguration of the organisation of work, relative to space and place, and focus on how these subjects operate in often precarious life situations.

Such an individual is also constantly finding new niches for work and thus inventing new jobs for him/herself (e.g. “incubator”, “creative agent” etc.). S/he is highly mobile moving from one job or project to the next, and in the process also moving from one geographical site to the next. Social interaction is fast and fleeting. Friendships need to be put on hold, or suspended on trust, and, when such a non-category of multi-skilled persons is extended across a whole sector of young working people, there is a sharp sense of transience, impermanence, and even solitude (Augé).

The field material described characteristics and ways of perceiving through which Culturepreneurs make themselves known as a new urban type on the urban stage: they form a new type of relationship between their work practice, entrepreneurial turnover and their own social and creative development. This set of activities must – according to the author’s observations – be framed by and tied to a tension-filled, ambivalent self-made ensemble of spatial images and codes. The result is difficult to interpret from the outside but is, and this is crucial, interpretable for insiders.

Ronald Hitzler’s sociological interpretations are blind to space. They do not take into account the spatial dimension when analysing symbolic differentiation processes (Hitzler, Bucher and Niederbacher 26). On the one hand, according to the author’s findings and the observed agents in Berlin, differentiation processes run on the basis of the readability of the physical environment without which inclusion and exclusion on the social-symbolic level would not be possible. On the other hand, statements made by Culturepreneurs indicate a playful attitude towards these very codes, which are sometimes connected associatively and sometimes ironically instrumentalised in order to express their own placing strategies. Bourdieu’s “fields” and sorts of capital (cultural, social or economic) are reflectively “sampled” for purpose of individual emplacement strategy as well as specific project-oriented needs.

Culturepreneurs represent the spread of a model in which the biography of work is derived from the kinds of lives led by classic artists. The job market for artists generally has long been one of the most dynamic and flexible part-time job markets. Discontinuous careers are the rule here. Frequent changes between employment and non-employment and between various forms of work are the order of the day (Wiedemeyer and Friedrich 163). Culturepreneurs have adopted this model in all of its contrasting facets. Their masterly marketing of their own labour is set against an existential insecurity, hidden by a playful Bohemian attitude.

Expert knowledge within the economy of attention hides a struggle to maintain one's own position in society. As creative labour entrepreneurs, Culturepreneurs (are forced to) take on the role of forerunners in the flexibilisation of the job market. Thus flexibilisation will, in all probability, grow to encompass other sections of the service economy (Wiedemeyer and Friedrich 167ff).

This economic interface function of the Culturepreneurs is also clear at the dissolving borders between mainstream and subculture. Once, youth practices and subcultural practices served as a means to distinguish their practitioners from those in mainstream formations, but now maintaining this form of demarcation is, according to my findings, becoming ever more difficult. The old dichotomy has been replaced by new social formations, which no longer display a rigid contrast between mainstream and subculture, and profit-oriented service provision and cultural production, and which – through the constant and simultaneous processes of reshuffling and recoding – mediate between different social groupings. Those on the left complain about the much cited “sell-out of the underground”, but it is also true that no clear mainstream can be recognised either. Difference, rather than adaptation, is the main driving force behind post-modern consumption and this has led to a hybridisation of the mainstream and to a multiplicity of heterogeneous styles and groups. Hitzler and Pfadenhauer (“Let your body” 90) speak of “post-traditional forms of community formation”, in which post-modern concepts such as individuality and community combine to produce a loose temporary structure, which is only momentarily binding.

The Culturepreneur's functioning can generate affective identification processes only retrospectively. The linguistic analogy between the sociological category "Szene" (German for "scene") and the spatial category "in Szene setzen" (German for "be the centre of interest") links scenes to the radiation of a physical place. Club events, gallery, shop, exhibition and office openings, for example, are stagings and temporary place-makings of scenes on the urban stage, where agents use the urban fabric, the city or concrete buildings, to create networked relationships of power, meaning and tension in order to test new products. This social formation "scene" experiences and performs itself in its materiality and corporeality through its emotional presence at and with the places it selects. Consciously constructed places enable individuals to see and to be seen. These protagonists are at once both, participant and spectator, both equipped with subtle knowledge and skills of knowing how to get "in the scene" and "staying out" of (other) scenes. According to Blum, "scenes evoke the sign of tribal hegemony because their practices always means the rule of a specialized solidarity at that site" ("Scenes" 18).

The Culturepreneurs studied take on a central role in the constitution of professional scenes, in particular through helping to develop new urban coding formations. The synthetic (pioneering) achievement of the Culturepreneurs lies in the fact that they stage new tension-loaded and ambivalent location images and motifs even in places that have fallen out of the traditional logic of urban use. Existing urban material is brought into relationship with their entrepreneurial as well as artistic activity and contributes, in combination with what is physically present, to an ambivalent visibility of the location. This (locational) policy of temporary hiding and disappearance must be interpreted in the context of the development of heterogeneous scene practices. Hitzler, Bucher and Niederbacher identify these practices for the most part a-physically and in unclear relation to built space and not just to social space. The findings of the Culturepreneurs presented here, using the example of Berlin, demonstrate that the Culturepreneurs in Berlin provide evidence that they use their respective localities especially for entrepreneurial activities. First of all, they build up that tension-loaded relationship which guarantees them artistic and entrepreneurial

attention in the wider Berlin scenes. In this sense, the protagonists are representatives of a “network sociality” (Lash, “Network Sociality”; Wittel 75). Relational global networking and novel creative place-making methods on the local level are their vehicles to overstep the classical “handiwork” concept and to redefine the relationship between art and economy, subculture and mainstream, city and city image, and city and individual.

The fact that greatly distorted, sometimes romantic, often very imaginative spatial images are thus designed, all of which flirt with the socio-political realities, cannot be attributed either to an outflow from the hedonistic society, or to the spatial blindness of the Culturepreneurs. It is rather the case, that these Culturepreneurs prove themselves to be the architects of spatial scavenging and recycling. As ‘space pioneers’, they position themselves in perforated places of the city, places which, through deindustrialisation and reorganisation of the infrastructure, have fallen out of the cycle of economic use and out of the everyday awareness of urban society. Apparently functionless spaces, useless, neglected, leftover, and forgotten places have come to exist here. In short, inner city micro-peripheries are thus reconstituted. In an age of ever more closely controlled, staged shopping paradises and Disneyfied city areas, the Culturepreneurs conjure up memories of the instabilities of the face of the nineteenth century city, by means of temporary use, locational politics of hiding, and spatial visions.

Culturepreneurs may be considered as social switchpoints in an individualised society, in which new formations will be tested, and scenes formed and opened. Their entrepreneurial activity is characterised by fast moving fluctuations in spatial location. The mechanisms driving this rapid change may be sought in the spatial potential, as well as in the relatively unclear future of the city of Berlin. They might also be found in the Culturepreneurs themselves, in the ways in which they express their social integration in the game with existing powers.

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## **From Gentlemanly Publishing to Conglomerates: The Contemporary Literary Field in the UK**

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### **Introduction**

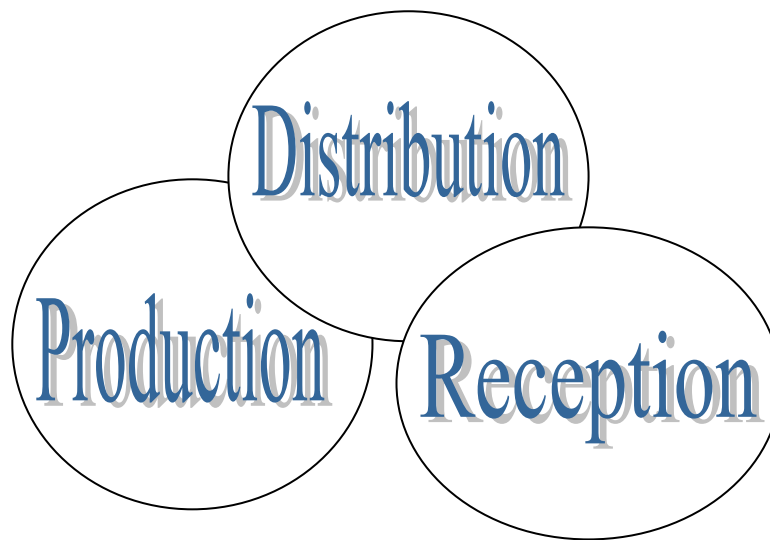
Publishing is an industry like any other and books are published on their perceived ability to make money. Literary merit is often merely an added bonus. [...] It's in no one's interest to tell our finest authors that something isn't working or that 100 pages could safely be cut without anyone noticing. Schedules would be disrupted, departments would miss budget, the company share price would fall and, to make matters even worse, the authors might take their next books to a different publishing house. All in all, everyone would be very pissed off indeed. Far better to keep quiet, roll out a high-profile PR and marketing campaign and wait for the money to roll in. (Crace)

This trenchant portrait of the current trends in the literary field in the UK pinpoints the two key issues which I will deal with in my paper: commercialisation on the one hand and literary or cultural merit on the other. Many authors, publishers and readers oscillate between these two poles. First, I will look at commercialisation and how it has affected the literary field. Next, I will explore the different ways of resisting commercialisation and then sum up my preliminary findings, always with the methodological question in mind how one can adequately analyse the contemporary

literary field. I will concentrate on the literary field in the UK with a few asides concerning the US, France and Germany when this seems appropriate.

### **Commercialisation**

The literary field involves many different players, institutions and processes. The key object is – of course – the book. The three overlapping phases of the life of a book – production, distribution and reception – are all affected by commercialisation.



Production is affected by the initial question: what gets produced in the first place, and how? What kinds of books do writers write and what kinds of books are publishers willing to produce nowadays? Next, distribution: which books do booksellers stock, do libraries acquire and literary festivals promote? Finally, reception: what do readers buy and read, what do members of book clubs discuss and what kind of books do reviewers, TV hosts and radio journalists promote in their shows and reviews? None of these questions can be answered in isolation – not from each other, but mainly not isolated from wider social, political, cultural and economic concerns.

In the last two or three decades, the literary fields throughout the Western world have all been affected by rapid change and a much more pronounced commercialisation

than in earlier centuries. This is surprisingly late, compared say to the music industry or the theatre world, as far as one can judge from the work done by Rita Gerlach or Christian Handke (see their contributions to this publication). Ever since the nineteenth century at the very latest, the literary field has of course grappled with the problem of how to reconcile art with commerce. In fact, one of Pierre Bourdieu's central contentions – it is he of course who coined the term “literary field” (Bourdieu) – is that this opposition between art and commerce produces the key tension within the literary field: on the one hand, artists grapple for legitimacy, for artistic recognition and on the other, commercial success is what publishers vie for.

A UK-adapted version of Bourdieu's model could look like this:

<b>high degree of autonomy</b>	
<b>high degree of recognition/legitimacy</b>	
poetry prizes TLS/LRB <sup>1</sup> etc.; institutions	reading groups TV/media bestsellers
<b>low degree of recognition/legitimacy</b>	
<b>low degree of autonomy</b>	

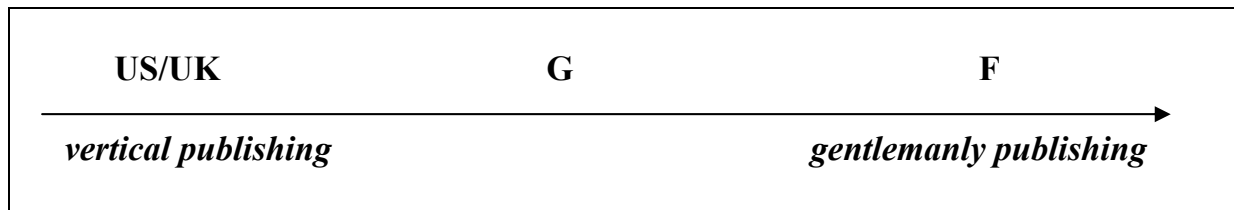
In the UK, the so-called system of “gentlemanly publishing” which dominated the nineteenth and twentieth centuries up to the late 1970s has changed to what is called “vertical publishing” or “conglomerate publishing” (Schiffrin). It is called vertical publishing because no longer are there many single publishing houses which compete with each other but rather, a very few conglomerates have bought up the formerly

<sup>1</sup> *Times Literary Supplement*; *London Review of Books* – two of the leading review journals published in the UK. Institutions such as The Poetry Society can be placed roughly on the same level of relatively high recognition and autonomy.

independent imprints which are now concentrated under one roof, to produce a vertical structure:

<b>Publishing Group</b>	<b>Imprints Owned</b>
<b>BERTELSMANN</b>	Arrow Books, Bantam, Bantam Press, Barrie & Jenkins, Black Swan, Bodley Head, Business Books, Jonathan Cape, Century, Chatto & Windus, Corgi, C W Daniel, Doubleday, Ebury Press, Eden Project, Everyman's Library, Expert Books, David Fickling, Fodor's, Harvill Press, Harvill Secker, Heinemann, Hogarth Press, Hutchinson, Pimlico, Random House, Red Fox, Rider, Sinclair Stevenson, Time Out, Transworld, Vermilion, Vintage, Yellow Jersey
<b>BLOOMSBURY</b>	Adlard Coles, Alphabooks, Ernest Benn, A&C Black, Bloomsbury, Bloomsbury Children's, Andrew Brodie, Peter Collin, EP Publishing, Christopher Helm, Herbert Press, Pica Press, Poyser, Thomas Reed, Whitaker's Almanack
<b>PEARSON</b>	Addison-Wesley, Adobe Press, Allen Lane, Allyn & Bacon, Benjamin Cummings, BradyGAMES, Cisco Systems, Dorling Kindersley, FT Prentice Hall, Funfax, Hamish Hamilton, Michael Joseph, Ladybird, Longman, Markt & Technik, Momentum, New Riders, Peachpit Press, Pears, Pearson Education, Penguin, Prentice Hall, Puffin, Que Publishing, Reuters, Rough Guides, Sams Publishing, Scott Foresman, Viking, Warne, York Notes, Ziff Davis
Source: Booksellers Association Reports Library February 2005, © 2005 The Booksellers Association	

This trend towards conglomerate publishing can also be observed in the US, in Germany and to a lesser extent in France. The French are still trying to hold onto their “exception culturelle”, but are finding it increasingly difficult to resist the lure of the conglomerates buying up the traditional houses (Schiffrin 11). On a scale from complete commercialisation on the one hand and complete independence on the other (if that ever existed), one can place the UK at one end of the spectrum, with Germany in the middle and France at the other end, although this position is becoming increasingly tenuous. This is what such a scale would look like:



What are the markers of this trend apart from the fact that conglomerates buy up imprints which subsequently are no longer independent? In terms of production, one noticeable change is the aim of large conglomerates like Bertelsmann or Holtzbrinck to increase profit margins. While so-called gentleman publishers were commercial businesses in that they also had to make ends meet and could not work as charities or subsidised businesses (Feather 129-224), it was always clear that book production is not as profitable as producing any other good such as food, clothing or cars. Today, by contrast, conglomerates are pushing profit margins up (from 1-3% to 12-15%) and therefore only publish books which allow them to reach this goal or at least to come near to it. Therefore, reference books, DVDs, Christmas bestsellers, thrillers, romance novels, cookery books and memoirs are published in great numbers, whereas poetry, short stories or unusual, experimental fiction and diversity in general have a hard time.

A second feature of this commercialised drive is the fact that even conglomerates have begun to merge: publishers have always bought each other up but the concentration process has increased enormously, therefore, even big publishing houses which owned several imprints have begun to be bought up (e.g. the Bertelsmann group bought Random House).

A third and highly remarkable trend is the increased spending and visibility of book marketing (cf. Squires 186ff.). Consequently, books, writers and publishers seem to be the new rock stars – books have become hip and some of the people involved in the industry have become celebrities and stars. Whereas an editor or publisher could say twenty years ago, “our authors write books, they don’t talk about them”, no author in their right minds can stay off the publicity tour. He or she has to attend book signings, will have to make appearances at the ever larger literary festivals throughout the UK,

will have to appear on radio and TV and will have to have a long portrait produced in the quality newspapers. Nowadays, British publishers invest enormous sums of money in marketing campaigns – and in paying very large advances to just a few writers. Because publishers rely so heavily on famous writers and on bestsellers, the so-called midlists have lost their importance, as have editors and the close working relationship which used to exist between writers and editors. Many of the editor's tasks are outsourced today, to make production leaner and cheaper, and the money is invested in promotional activities instead (see Squire and Robert McCrum's concise overview in *The Observer*).

In terms of distribution, two related major changes have affected the British literary field in the past decades. In contrast to France and Germany, Britain no longer has a fixed book price. In 1995, the reign of the so-called "Net Book Agreement" which regulated book prices, effectively ended because a group of publishers were no longer willing to adhere to it. The Net Book Agreement had been under threat before – in the early twentieth century when it was first invented, and during the 1960s when a court case debated whether the Net Book Agreement was conducive to cartels or not but it was found that this was not the case<sup>2</sup>. Since the Net Book Agreement's disappearance, American-style chain-stores have changed the bookselling scene beyond recognition. Internet sales have increased and the current trend is towards supermarket book sales and an excessive discount culture. Almost no bookshop adheres to the so-called "recommended retail price" (RRP) and most follow the supermarkets and internet stores such as Amazon with massive discounts (50% off, 3 for the price of 2, etc.). The bi-annual price war over the latest Harry Potter-novel or the annual Christmas price slashing leave publishers with less profit, authors with fewer royalties, and ultimately, buyers and readers with less choice.

Is it all bad, then? No art in sight, only profit-making? From the recent figures concerning the state of health of the book market in the UK (and elsewhere), one can only gather that publishing trends in general are looking slightly more positive. Recent

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<sup>2</sup> On its early history see Feather, for events since its demise see [http://www.booksellers.org.uk/industry/display\\_report.asp?id=444](http://www.booksellers.org.uk/industry/display_report.asp?id=444), last visited 5 June 2006.



figures show that in the UK, the rise is most marked<sup>3</sup>. No country in the world publishes more books than the UK. About 80,000 books are published annually in Germany<sup>4</sup>, c. 170,000 in the US<sup>5</sup>, c. 20.000 in France (Schiffrin 10f.) and about 206,000 in the UK. But these figures do not tell us anything about the quality of the books, the trends of fiction and non-fiction or what future developments will be like. Looking behind the mere figures, which, by the way, are mostly easy to come by in the UK, but at close sight are often difficult to compare to their Continental or American counterparts and therefore lose their significance, looking behind the mere figures reveals a different tendency: resistance to commercialisation. Because the trend towards ever-more vertical publishing is so marked, and it is so particularly in the UK, oppositional developments are equally marked.

### **Resistance against commercialisation**

The next section will therefore deal with these pockets of resistance and try to assess their wider cultural and social meaning. One can identify three such pockets and they pertain to all three phases of the life of a book. On the production side, writers are irrepressible. There are still authors who write books they know will not be bestsellers or not even reliable sellers. Poets will write poetry collections for an élite readership of 200, novelists will write experimental texts when most people want thrillers or romantic novels, and they will find publishers to produce these works. More and more independent publishers have sprung up in the UK, but interestingly also in Germany, which produce a tiny handful of high-quality special-interest books with little or no intention of becoming profitable. People invest their inheritance (e.g. Aviva books, Berlin) or what they earned from their former publishing houses, even from conglomerates (e.g. André Schiffrin, The New Press), in order to finally make those books they have always wanted to publish (see Hensel). There is even a special prize

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<sup>3</sup> 6.3% in the UK compared to only 0.9% in Germany, [www.boersenverein.de/de/64626](http://www.boersenverein.de/de/64626), last visited 5 June 2006.

<sup>4</sup> 89,869 in 2005, [www.boersenverein.de/64586](http://www.boersenverein.de/64586), last visited 5 June 2006.

<sup>5</sup> [Www.bowker.com/press/bowker/2006\\_0509\\_bowker.htm](http://www.bowker.com/press/bowker/2006_0509_bowker.htm), last visited 6 June 2006.

for independent publishers and the Independent Publishers Guild supports and represents anyone who has published more than three books and is not in fact merely an imprint of a larger conglomerate<sup>6</sup>.

On the part of distribution, a similar trend can be observed. In contrast to the ubiquitous chainstores such as W.H. Smith's or Waterstone's and Ottakar's, recently merged after a long legal wrangle, independent bookshops are getting their act together. When the *London Review of Books*, a veteran quality review and essay journal, opened up its independent bookshop near the British Museum in 2003, this was important enough to be commented on in the national press (*The Guardian* 8 May 2003). The London Review Bookshop only sells books at the recommended retail price, never gives discounts, organises readings and debates, and has proper booksellers working for them. The important and influential Guardian books pages on the internet list the nation's favourite independent bookshops and the British Book Awards also includes an award for the best independent bookseller.

Finally, on the part of reviewers, prize-judges and readers, a minority of those at the reception-end of the literary field also single out unusual, difficult or non-bestselling titles to review, award prizes to or discuss in their reading groups and on weblogs. Admittedly, buyers and readers seem to be most affected by commercialisation. With TV shows such as the Big Read on the BBC<sup>7</sup>, and the book club run by the afternoon-TV programme "The Richard and Judy Show" on Channel 4, the majority of reading groups, 50,000 (Hartley 2002) of which are estimated to exist in the UK, most people stick with certain classics such as Jane Austen, thrillers by Dan Brown and the like, cross-over titles such as Harry Potter, romance by Danielle Steele and Jilly Cooper or cookery books by Jamie Oliver. Even though sales increase for the winners of the Booker, Orange or Whitbread prizes, writers such as the recent gay Booker winner Alan Hollinghurst, Whitbread winner Ali Smith, who writes experimental novels and stories, or Carol Ann Duffy, winner of the TS Eliot prize for poetry, are only read and bought by a handful of people. Most literary prizes of which the UK has an

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<sup>6</sup> Publishers with fewer books can become non-voting members.

<sup>7</sup> Copied as "Das große Lesen" on the German TV channel ZDF.

incomparable number in contrast to France and Germany, go to books and writers whose works are, if not best-selling material, at least realist, non-experimental fiction.

## Summary

To sum up: on the whole, then, the lure of commercialisation is too great to resist for most players on the literary field. But the mere fact that pockets of resistance exist tells us something about the contested nature of this field. As much as the conglomerates are visible and drive the market, this does not mean that a complete victory of the profit-makers and bargain-drivers will characterise the future. The future may hold many more surprises which cannot be easily predicted from the current state of affairs. One will have to continue to hone one's tools of analysis in order to be able to account for extraordinary turns of events, e.g. the rise of non-fiction, the importance of independent bookshops or new reading trends such as weblogs, bookcrossing or reading groups which, although sparked off by commercial TV shows, move in unpredictable ways. The one reliable thing about the literary field is that it can still produce surprises – just as it did in the nineteenth century when commerce and culture were almost as closely linked as they seem to be today. One will therefore have to wait and see whether one of these days commercialisation will take a down-turn and diversity, interesting as well as challenging books, and readers who don't automatically follow the recommendations of TV shows or simply buy bestsellers will be on the rise once again.

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## **A Wee Bit Different: Socio-Cultural Influences on Scottish Marketing**

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Has the world become the ultimate marketplace? Not really, because resurging nationalism in many European countries indicates that globalisation has still failed to create complete cultural homogeneity. The convergence thesis in cross-cultural marketing therefore appears to be wrong because consumers remain highly susceptible to stimuli that fit their cultural expectations (De Mooij). However, culture as a “whole way of life” (Williams 122) offers predictable social interactions in a post-modern world. Scotland and its quest for an independent identity in particular is a perfect exhibit for this observation. In this country conventional sociological and economic categories turn out to be too wieldy. Therefore, culture is particularly promising as an analytical approach.

This paper analyses how cultural differences influence the way the creative industries work. The analysis is based on various works of David McCrone (“Being British”; *Understanding Scotland*), McCrone et al. (“Who Are We?”), Murray Pittock (*Scottish Nationality*) and Gerry Hassan (“Anatomy”; “Tales”). Main players in Scottish marketing were interviewed about their views in March 2005. The Scottish trade magazine *The Drum* offered further insights into the industry. Finally, campaigns were analysed to find out whether or not a ‘Scottish approach’ in marketing exists. All samples are reproduced with kind permission and copyrights remain with the designers. Full results are published in my *Diplomarbeit* at Passau University (Wingbermühle).

### Scotland – Afraid to Know Itself?

Authors like Tom Nairn (*The Break-Up of Britain*), Linda Colley (*Britons*) and Andrew Marr (*The Day Britain Died*) described the waning of the notion of Britishness in the twentieth century. Today, it is very much another name for ‘Englishness’, but historically, Britishness in Scotland was tied to the mixed blessing of the Empire (Ratcliffe 7): Scotland did not only supply the army with over-proportional numbers of troops, but Glasgow became a major manufacturing centre in the nineteenth century (Smout, *A Century* 85). Scottishness became one of many local nationalities within the ‘Pax Britannica’ (Cohen 35). On the other hand, notions of “internal colonization” and Scotland’s role as England’s “junior partner” developed (Harvie 44, Nairn 61). In the 1950s, the heyday of Scotland’s Britishness was reached with its positive connotations of the Welfare State. However, as the welfare state and other all-British institutions like the BBC were later on weakened, Britishness was declining, too (J. Mitchell 49, 61).

In a 1999 MORI poll, Scots identified themselves primarily with Scotland (72%) and their particular region (62%), whereas the English opinion was almost evenly split between the options respectively (“All Power” 4). The so-called Moreno Question reveals that ratios remain at 7:1 and 10:1 in favour of Scottishness between 1986 and 2000. The Scottish thus strongly identify with their nation. Social variables have an influence as young people and manual workers mostly think of themselves as Scots, compared to a ‘centrist’ view of women and middle class groups. However, differences between party supporters are not clear cut, although voters of the Scottish National Party (SNP) are least likely to choose a more British identity and right-wingers are less inclined to call themselves exclusively Scottish (Bromley et al., Moreno). It was only in 1988 that the SNP started to promote “Independence in Europe” in order to disconnect Scottish nationalism from its parochial outlook.

If, consequently, Scottishness seems to be a preferable frame of reference for the majority of people, it is important to define this concept more clearly. In the 1997 National Election Survey, 83% of respondents claimed that the ‘accident of birth’ was

the most important criteria for being Scottish, 75.5% rated ancestry as very or fairly important and 67% agreed with a civic definition (Heath et al. 12). Yet, one might argue that Scottish national feeling remains “both passionate and unfocused”. In 2003, the Scottish Social Attitudes’ Survey, nonetheless, found 97% of respondents either somewhat or very proud of being Scottish (Strategy Unit 11). One account director explains that this affects “the way we approach the business and marketing” (Wingbermhühle 7).

Scotland, moreover, appears to be divided between its romantic ‘heart’ and its rational, ‘Germanic head’. The rivalry between Glasgow and Edinburgh is as fierce as the encounters between cities and rural areas. Even Scottish history is often falsely illustrated as a set of mutually exclusive stories, for example, the Clearances versus Enlightenment. Various authors have tried to create an origin-myth to solve the identity problem. According to these writers the name ‘Scots’ derives from the Scots of Dalriada, an Irish tribe that settled in Argyll in the sixth century. However, in the fourteenth century, John of Fordun attributes the name ‘Scots’, originally Latin for ‘Irish’, to Scota, the daughter of the Egyptian Pharaoh in the Gathelus myth. The Greek not Trojan roots are emphasized to create an ancestry that differs from the English (Ferguson 14, 21, 301-307).

The battle for securing its distinct identity dominates most of the rest of Scotland’s history. In 1314, Robert I’s triumph did not secure independence for long. The attempt to get papal protection led to the Declaration of Arbroath, an impressive manifest of nationalism in medieval Europe (Harvie 9ff). James IV’s disaster at Flodden finally threw Scotland back into military crisis. In 1603, James VI became King of England which foreshadowed the “marriage of convenience” of 1707. Scotland remained semi-detached and anti-Union riots followed (Goodare 399). Later on, the Enlightenment gave Scotland the chance to embark on a more positive identity again (Ferguson 32-58).

### *The Favourite Guinea Pig*

Looking into the past to create a community is only one way of dealing with identity issues. Another approach is simply to look across the border. Minor differences are often amplified to set Scotland apart from England, which led to an awkward adoption of Highland imagery after 1707 (Parry 151). Even nowadays anti-English movements attract huge media attention, e.g. the “Settler Watch” poster campaign (J. MacDonald 2): In a *Citigate SMARTS* beer campaign a road sign saying “Welcome back to Scotland” is juxtaposed to the words “The worst is over”. Account director Petra Cuthbert grins: “Things like that tend to go down really well up here” (Wingbermühle 10). On the other hand, account manager Mandi Taylor warns that agencies risk abandoning part of their target group with such campaigns. And the *Marketing Magazine* reports that tartanized M&S sandwich boxes are not well received either. Scottish imagery consequently should only be applied to indigenous brands like Kwik-Fit or Baxter’s. Even innocuous expressions like “regional sales manager” could be considered offensive (Fairweather 23).

It is really astonishing how many mistakes were made by UK companies in this area in the past. An English department store once announced “back to school deals” weeks after the Scottish holidays had ended. The Poll Tax is moreover a prominent example for using Scotland as a test market (Seawright 68). Test marketing in this small market is cost effective as you can reach about 90% of the population on a single TV station, but it comes with a health warning. Consumer behaviour differs substantially as managing director Ian Wright knows: “If you would test [a chocolate bar] in Scotland, it would do really well because we like sweets [...]. It might not be like that elsewhere in the UK” (Wingbermühle 12).

### *Remote Control*

The agency *Family* sees itself as a “European agency that happens to be placed in Edinburgh” (Wingbermühle 12). It recently did a campaign in Estonia. Marketing guru Colin Marr has also been in Perthshire for 37 years: “You can do good work from



anywhere” (Wingbermhühle 12). On the one hand, local knowledge can be a huge asset in marketing. *Citigate SMARTS* does all the Scottish PR for John Lewis although they use a London agency: “There’s still no substitute for picking up phones and saying: ‘Can you come around in ten minutes?’” (Wingbermhühle 12). Conversely, Andy Hughes, Director of *Barkers Scotland*, thinks location becomes less important. The Royal Bank of Scotland, for example, operates a digital artwork approval system. Remoteness moreover depends very much on the point of view: Glasgow is sometimes perceived to be remote from London, even though “travel time by air is probably faster to central London than the drive time from many London suburbs” (Anderson et al. 33).

Mobility is one hook, cost effectiveness another, admits David Gaffney from *Beattie Media*: “The equivalent salary of what we’ve got paid in London is probably about 10 grand more minimum because people have got higher rent, higher travel costs and living expenses” (Wingbermhühle 14). Access to professional labour is assumedly more difficult for Scottish agencies. However, taking a closer look, for Gaffney’s colleague Nick King the opposite is true as well: “In the UK, there are three main media centres: London, Manchester and Glasgow. [...] If you’re based in central Scotland [...] you can draw on that pool of people who work in the media in Glasgow” (Wingbermhühle 15). *999 Design* claims that it even receives CVs from San Francisco while *Newhaven* forges links with art colleges.

## **The Scottish Market**

After Scottish agencies realized that it made perfect sense to set up business in Scotland, they had to find out who the people are that they are targeting. While the UK population is projected to reach 65.7 million by 2031, the natural decrease in Scotland is likely to reach over 13,000 a year by 2027 as the number of births continues to fall. Net gains of students and retired people counterbalance net losses in employed people (Macniven 4-8). Only 1.7% of the Scottish population belong to an ethnic minority

compared to 28.3% of all Londoners (Office for National Statistics 32) – strangely enough, for a country that picked St. Andrew to unite “the Picts, Scots, Danes and Norwegians” (Macinnes 174). Social justice became a buzz word for the Scottish Executive, but the repeal of Clause 2a, which tried to prevent teaching about homosexuality in schools, still caused a media uproar. The popular myth of the egalitarian society nonetheless survived: somehow, the class system is seen as an English intrusion (Paterson 125-126).

Relative income and expenditure are much at par with other UK regions (Clifton-Fearnside 13). According to ACORN ‘Urban Prosperity’ and ‘Moderate Means’ are above average, but 35% of the population are ‘Hard-Pressed’ in comparison to only 22% in the UK as a whole. Regional price levels in Scotland mirror the UK average (“Regional Price” 1). Apart from an inexplicable Scottish affinity for Deep Fried Mars Bars, *Family’s* Managing Director Ian Wright points at higher consumption levels for crisps and alcohol. Lack of physical activity and alcohol misuse contribute to the ‘Scottish Effect’: life expectancy for men in 2003 was the second lowest in whole Europe after Portugal (Armstrong 14-22). Understandably, advertising spending of the NHS has increased rapidly (“Still Ill” 1). Different consumer behaviour also asks for special research but in 2002, only 15 of the UK’s 600 market research companies were located in Scotland.

### *Closed Community*

“Scotland will only really start to believe in itself [...] if it gets some sort of independence. ” The *Leith Agency’s* Chairman John Denholm calls the Parliament a “halfway house” while the SNP envisages a ‘neverendum’ on constitutional change (Wingbermühle 19). The demand for devolution “has arisen from the politicisation of national identity” (Taylor et al. xl) and is therefore vital for understanding the Scottish people. In 1948, two million people signed the calling for Home Rule of the Scottish Covenant. Symbolic acts like Napier’s regnal numeral protest reflect the swelling conflict. Hopes for a devolved parliament were repeatedly destroyed: in 1977, it was a

lost guillotine motion, two years later the yes vote came short of the 40% required in the Cunningham Amendment. The broad campaign group ‘Scotland Forward’ prevented another failure in 1997. In 2000, 60% of the Scots expected independence to occur within the next twenty years (Jones, *New Song* 6; Harvie 193-6).

The new parliament in Holyrood passes laws on devolved matters such as education, economic development and transport (Warhurst 195). The limited fiscal powers of the Scottish Executive, however, remain controversial: its expenditure is largely funded by a block grant fine-tuned by the disputed Barnett Formula (Leeke 9). Before devolution, high expectations were created by a “fantasy Parliament” onto which people projected their hopes. Post-war electoral behaviour saw the fall of the ‘English’ party because Thatcher’s centralising efforts were perceived as an “attack on Scotland itself”. This shows that Scottish politics are highly intertwined with issues of national identity. The SNP also proved its marketing skills in 1965, with the introduction of the party symbol, a combined thistle and saltire, and with the 1973 “It’s Scotland’s Oil” campaign. However, the political classes are traditionally Labour dominated: Being Scottish is equated with favouring state intervention (Macwhirter 32-35).

The accusation of parochial cronyism alludes to the Scottish Office fostering a “close-knit community” in the 1980s (Fry 29). Scotland still sports an incredible plethora of business organisations and quangos. After World War Two, magnates like the Colvilles, Coats and Alexanders made room for business men like Sir Angus Grossart (Hope 145-146). Scottish Enterprise usually argues that Scotland’s problems rather stem from a low business birth-rate (Parry 144). Strategic Planner Victoria Milne also calls the marketing community “incestuous” borrowing Alex Neil’s term (Rosie 128). *Newhaven Communications’* Ken Dixon sighs that Edinburgh could do with “a few more people shaking it up” (Wingbermhühle 22).

### *Heralding News*

The semi-autonomous status of the media has often been used as another metaphor for Scotland's role in the UK (Schlesinger 3). The Scots consume more media across the range with all figures 100 or above on a British index. There are more people from sociological groups C to D, which supposedly translates into more tabloid press readership. Press advertising still remains the most popular marketing method for 54% of clients ("Press Fares Best" 1). *Sunday Mail*, *Daily Mirror* and *Daily Record* lead the table of the most popular national papers. The regionalised market resembles the US rather than the UK. The Scottish read up to 85% more regional papers probably due to geographical reasons. For this, companies have to spread adverts across a range of relevant titles to maximise penetration (Fernie and Woolven 26). What the 'city state' press lacks is a truly national paper as the major publications have a bias towards their heartlands (Schlesinger 8). Gillian Cairney of *Feather Brooksbank Media* thinks the *Scotland on Sunday* comes closest to a national paper. One solution could be to merge the *Scotsman* with the *Herald*, although it might alienate their traditional readers. Or a 'tartanised' edition of a London paper might take the lead (Garside 196). Account manager Nick King argues that most London papers are "very London-centric". The change of format of some Scottish broadsheets recently renewed interest in the industry.

Foreign ownership is another major concern. In 1954, Canadian Roy Thomson bought the *Scotsman* (Harvie 151-153). The Swedish Bonnier family and two English companies compete with D.C. Thomson and the Scottish Media Group. Outside owners might occasionally pursue different interests. For example, the Scottish *Sun* frequently changed back and forth between supporting the SNP and New Labour (Garside 197-199). Consolidation does not help either. The SMG owns not only the *Herald* but also Scottish and Grampian TV, cinema advertising and parts of Scotland's largest commercial radio group (Schlesinger 5).

Commercial radio has also been dominated by Scottish Radio Holdings. In 2002, Radio Borders reached higher audience levels than any other British station ("Out and

About” 1). Scots surf the Internet more frequently than the English, too. In 2001, 70% of businesses had their own website compared to 62% in the UK, but e-commerce figures remain slightly below average (Goudie 105). The BBC is still regarded as the “cultural arm of the English colonial machine” as the public debate about a ‘Scottish Six’ news show in 1999 reflected (Garside 190-194). Unfortunately, regional TV programmes are always put against strong programmes on BBC. Agencies have to be aware of these differences in media consumption when creating a campaign for the Scottish market.

### *Distilling Business Opportunities*

Despite the size of the market, there are lots of business opportunities in Scotland. Since 1995, Scotland’s GDP continually rose to £14,440 per head in 2002 (Goudie 17). Scottish Enterprise under Crawford Beveridge tried to create a “Smart Successful Scotland” (Shaw 164) while critics of the dependency culture remarked that too much intervention turns Scotland into a screwdriver economy (Warhurst 189). In the 1990s, public policies to attract subsidiaries of IBM and Motorola to ‘Silicon Glen’ were indeed increased with unemployment soaring (Hood 44). Today, services contribute around 70% of total GDP (Scottish Executive 4).

Modern Scotland now sports a variety of sectors that all pose different challenges to marketing. 80% of the food processing industries’ £3.3 bn strong exports in 2003 were whisky. When the agency *Tayburn* designed Glenmorangie’s Annual Report 2004, it faced a trade-off between the consumers’ interests in the heritage and the shareholders’ interests in a contemporary feel. *Newhaven Communications* flipped the desire to emphasize Tennent’s Scottishness on the head by creating a spoof movie trailer in classic Bollywood style for the lager brand. Consequently, indigenous products do not necessarily have to wave their Scottish credentials all the time. In 1994, the *Leith Agency* recommended to present Irn Bru as a ‘likeable maverick’. This increased the beverage’s tiny market share in the Southern ‘export market’ (Wingbermhühle 28).

Tourism is another promising sector. It generated almost £4.1 bn in 2001. In the Highlands over 17% of the workforce is employed in this sector (VisitScotland, *Tourism in Scotland* 1; Goudie 122). With the reiteration of the rural idyll in literature and film, a “sense of place” comes natural (Smout, “Perspectives” 107). Scotland is traditionally marketed as a “land out of time” (Rojek 181). The agency 1576, for example, ran a London campaign to make people travel to Scotland. On the posters, litter boxes with the label ‘stress’ were put in the landscape to hint at the relaxing components of a Scottish holiday. A sense of Scottishness therefore best applies in a tourist context. Tartan and bagpipes are pulling first-time visitors. Victoria Milne thinks that “people are intelligent enough to see what cliché is” and dumping stereotypes could be a mistake as foreigners expect them: “We’re really creative, leading in technology [...] that’s not what they want to hear” (Wingbermühle 29).

The strong imagery is Scotland’s main USP and a valuable asset, something other countries have to create artificially. On the other hand, 1576 targeted the London market with a ‘romantic breaks’ campaign in 2001. The sexy posters ran lines like “The Scottish weather is perfect for a romantic break. You won’t go out much” to attract a younger audience. Responses were satisfying, apart from Tom Forrest who owns a B&B in Kinlochewe: he would prefer VisitScotland to promote climbing and fishing instead of sex (VisitScotland, *Case Study* 1).

Scotland’s over 300-year-old financial sector has long been another pillar of national identity. The ongoing consolidation in banking causes major concerns for Scottish marketing agencies. In 2001, the Bank of Scotland was taken over by the UK’s largest mortgage bank Halifax. HBOS is still headquartered in Edinburgh but all marketing functions went south. Besides, Scotland definitely produces world-leading results in life sciences. The country houses 50% of the industry’s manufacturing facilities. Invitrogen’s EU headquarter is located in Scotland, next to Glaxo Smithkline. Research focuses on drug discovery, nanotechnology, stem cells and bioinformatics. The Scottish repeatedly made headlines from Sir Philip Cohen’s work in signal transduction to ‘Dolly’ the sheep. Since 1999, the sector has grown by an average of

28% compared to the European average of 15%. It thus becomes another attractive target for local agencies (“Life Sciences” 1).

### **The Creative Industries**

Before we take a look at various campaigns that were run in the Scottish marketing sector, we have to identify the main players in the industry and how they broke into the market. The term “creative industries” as defined by the Department of Culture, Media and Sport comprises media and design as well as publishing and cultural industries (S. MacDonald 173). In Scotland, the sector employs approximately 100,000 people, more than any other region outside London. Forecast to grow 10-20% per annum, it is ready to reap the net gain of a growing entertainment industry (“Software & eBusiness” 1). Successful studios such as Rockstar North and the Digital Animation Group, world leading designers of avatars, reflect the nation’s strength of content origination.

Nevertheless, it was quite difficult to build business when the *Leith Agency* started 21 years ago. London’s major advantage is that a marketing director might struggle to defend the appointment of a small, unknown Scottish agency. *Leith* finally managed to compete against London agencies by offering “great advertising without the grief”, the proposition was thus to counter the arrogant prima donnas’ approach. In general, Scotland’s marketing history is filled with success stories. Thanks to several EPICA awards, *the Union* ranks 16th across Europe, while *Leith* ironically services VisitLondon.

### *Promoting Scottishness*

Some critics claim that high levels of government intervention caused entrepreneurial sluggishness. To be successful again, Scotland needs to recover its image of pioneering. *Tayburn*’s Jon Stevenson accounts that the Scottish Enlightenment proves

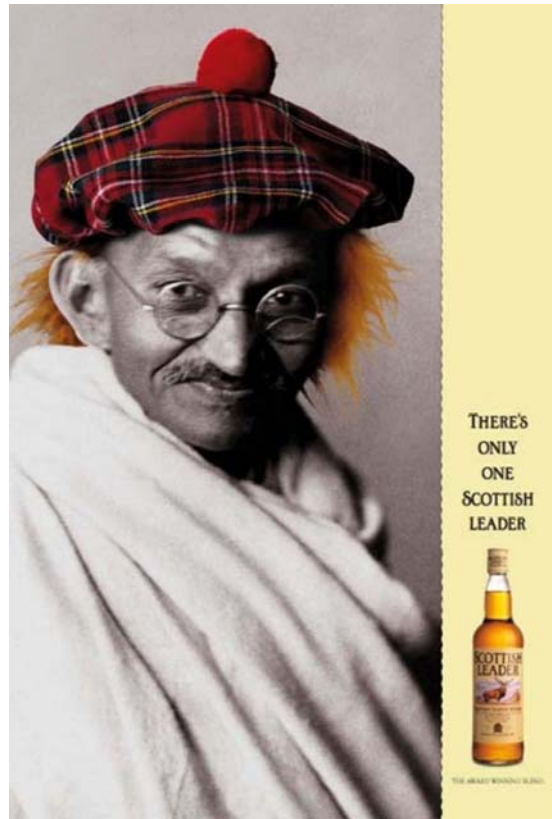
that Scottish history is “not all about castles”; Nick King cites Carnegie and Adam Smith (Wingbermühle 36). Business insider Janice Kirkpatrick even maintains that in the global marketplace “culture equals cash”, as it provides a consistent picture to outside trading partners (*The Identity* 224- 226). Agencies should definitely use these stereotypes of Scottish inventiveness and salesmanship for their self-marketing.

Nevertheless, many clients of Scottish agencies are first and foremost interested in the market itself. VisitScotland or the RBS contrarily target a UK wide audience although they are based in Scotland. A number of agencies state that the majority of their clients are Scottish, so it is not difficult to convince them to use a Scottish team. It is harder to grasp how *Leith* managed to attract Coors of the States: “Carling is the biggest drinks brand in the UK, its heartland is South of England and the Midlands, so there’s no Scottish rational for us handling it other than we’re pretty good in doing beer advertising”. Chairman John Denholm regrets that the myth about obligatory local expertise was invented by his Scottish colleagues to keep London consultancies out: “We can’t argue that in the same breath saying, ‘we want to handle Carling across the UK’” (Wingbermühle 36).

Apart from this, it is mainly local food and beverage companies that emphasize their Scottishness. For consumers in those segments, heritage means trust. The “Glen of Tranquility” ads push Scottishness simply because Scottish culture is inheritant to whisky.

Nevertheless, Scottishness has to be done by Scottish agencies. *Beattie Media* generated enormous press coverage when they put ‘hey jimmy wigs’ on the statues of Glasgow’s George Square for Scottish Leader, a brand of distiller Burn Stewart. *Family* also gave their ads a national flavour by putting “jimmy” wigs on ‘non-Scottish leaders’ like Harold Wilson or Gandhi (see advert 1).





Both agencies say that the play on common stereotypes was a key to success: "If an English agency would have done that, they would have been accused of being xenophobic but the same thinking applies the other way around, if a Scottish agency would get a contract for the London Olympic Bid" (Wingbermhühle 37). Account manager Nick King hints at 1576's VisitScotland campaign which nearly backfired when the redtops discovered that the blond model starring in the TV ads was in fact Scandinavian.

### *Devolved Divisions?*

It is interesting to note how devolution influenced Scottish marketing. Some interviewees claimed that devolution only drove property prices. In 1999, the business community feared that the creation of 'artificial cultural constraints' might hinder trade with England. Business leaders expected creeping marginalisation with tax increases and extra layers of red tape ("Questions of Business" 1). On the other hand,

75% of Scottish business leaders think they would be worse off in an independent Scotland (“Captains of Industry” 1). *Leith’s* Denholm philosophises: “We would at least stop blaming England for everything” (Wingbermühle 39).

Interviewees finally agree that devolution made little difference in marketing. Scottish media devotes much space to politics, which means that PR agencies sometimes struggle to win editorial space and Holyrood Parliament gives newspapers a lot more to talk about. Consequently, this enhances media clout according to *Beattie Media*: “Previously, if it was an MP, a Scottish title couldn’t actually do anything to affect him, but in our small community if the Scotsman would to have a front page about an MSP, it could finish his career” (Wingbermühle 40). More reporting also means more influence of journalists like *The Herald’s* Alf Young. Kirsty Wark is regularly featured in the ‘100 most influential’ lists (Parry 143; Garside 199).

PR probably enjoyed the biggest devolution windfall as lobbying targets became more accessible in the eyes of the *Beattie Media* team: “Companies like the Scottish Book Trust before didn’t feel the need to have a PR agency [...] the people they get funded from are now based in Edinburgh” (Wingbermühle 40). *TBWA’s* Gary O’Donnell criticizes the over-reliance on the public sector devolution created: “Very few successful agencies in London have a piece of ‘government’ business whereas it is difficult to be successful in Scotland without one” (Wingbermühle 40). A place on the Executive roster means secured business in a volatile market. The three year contract helped *Consolidated Communications* to expand substantially.

Some big networks, nevertheless, have already left. In 2003, *Fauld’s Advertising*, once the largest independent agency outside London, went into liquidation. At that time other top agencies reportedly suffered from a downturn in earnings, too (Beach 1). On the other hand, phoenixes like *Troyka* and *Multiply* emerged from the ashes of *KLP EURO RSCG*. Communication consultancy *60 Watt* successfully specialized in B2B, recruitment and technology to address the shrinking market: they won more Scottish Recruitment Advertising Awards than anyone else. Small businesses might be quicker to implement new strategies, whereas integrated agencies like *the Union, Family* or

1576 agree that it is important to offer ‘360 degree thinking’. Divisions like media planning or new media are joined back into agencies because clients do not like to shop around. Another solution to a shrinking home market could be to attract international clients. HBOS or Scottish & Newcastle are two of the remaining big names, as the number of public limited companies has halved in the last 15 years. An exploding demand for content management systems and weblogs might finally help the media industry out.

## Cultural Strategies

### *Men in Skirts*

“‘Design’ is a process of [...] manipulating the elements of culture” (Kirkpatrick 223). It is consequently of particular interest to analyse how agencies handle Scottish imagery, as it reflects the self-definition of a culture. In general, Scots tend to have a positive sense of their national identity compared to the English. In a survey, Scottish respondents described their compatriots as ‘friendly’ and ‘patriotic’ with the most prominent negative notion being ‘low self-esteem’ (Lindsay 55). The common use of stereotypes in the media can be explained by their powerful iconic significance (G. Mitchell 122). Hollywood exploited the strong image of the Highlander in *Brigadoon* and *Braveheart*. This appeal of old icons to a modern audience was also the idea behind *Leith*’s ad in which ‘William Wallace’ fights for the radio station Beat 106. Added with traditional music, he announces “our enemies may take our lives, but they’ll never take our Feeder” – an obvious pun on the anticipated word ‘freedom’. The national pride of modern Scots is addressed to motivate them to support a national radio station.

Highland imagery in general was already promoted in Victorian Britain. Sentimental ‘Tartanry’ was depicted in Landseer’s paintings as much as in the middle classes wearing kilts on Sundays (Harvie 21, 40; Hamilton 6). Macpherson’s Ossian poems were attacked because they handled historic facts rather generously, even though

critics like Pinkerton were not less creative (Ferguson 228-243). Finally, Tartanry culminated in the pastoral escapism of the Kailyard School (Campbell 111, 117). Even today, Arcadian dreams are still common in advertising (Anderson et al. 26-34). For example, Harris Tweed is protected by an Act of Parliament, it therefore has to be hand-woven on the island Harris Lewis. Their website features pictures of little cottages and heather to allude to this natural image (Devine 22).

The superiority of Quality Meat Scotland is connected very much with the Scottish nature. Their agency *the Union* borrowed all premium images from the landscape and the commercial shows green hills and unspoiled nature. In addition to this, the ad is predominantly aimed at middle class female shoppers. The meat is therefore embodied by a handsome man who is contrasted with a filthy guy eating junk food. Glen walks around wearing a kilt and chops wood, emphasizing his connection to the Scottish scenery. He became a real icon and was even requested for guest appearances. Walker's Shortbread is another intrinsically Scottish product, therefore it clings to its tartan wrapping, too. However, there is no copyright to the universal design pattern. In 1994, it asked *Baillie Marshall* to concentrate on elements like the miniature painting of Bonnie Prince Charlie that embody a more protectable property (Gofton 25). Soup producer *Baxters* only retained its tartan design in the overseas market where heritage goes down well (Vass 5). Still, when it sponsored the Loch Ness Marathon in 2004, it ran a poster showing a shoe-lace in the classic pose of 'Nessie'.

Another theme that is frequently sported in the field of Scottish marketing is soccer because Scottish football has always been linked with a strong nationalist feeling. In 1977, Scottish fans broke down the Wembley goalposts chanting: "Gi'e us an Assembly, and we'll gi'e ye back your Wembley". Today, the Tartan Army "good-humouredly awaits defeat". The website *whatthefaro.com* (WTF) was run for Tennent's during the European Championship 2004, even though Scotland did not qualify. *Newhaven's* website sported a 'Euro Bingo' in which you could tick off moments that were guaranteed to happen like "A Scottish pundit mistakenly referring to England as 'we'". WTF's language and implied self-mockery is deeply rooted in Scottishness: "Our game is not in a very great place, but still we're celebrating it"

(Wingbermhühle 47). Most importantly, terrace humour stresses a genuine passion for the game as an antidote to the commercial interests of most sponsors. *Leith* similarly chose to shoot the biggest Scottish commercial ever in one of Glasgow's 'dodgy' areas. In January 2004, over 1,000 extras were playing football in their underwear to reflect the true spirit of the game.

### *The Right 'Slogorne'*

Apart from the right pictures, adverts have to hit the right tone with their audience. One can only speculate about the original language of Scotland and the relation between P-Celtic and Q-Celtic, the precursor of today's Gaelic (Ch. Jones 95; Corbett et al. 5-6). Linguistic influences begin with Germanic streams in the fifth to seventh century. Viking raidings brought Scandinavian contributions until French and Latin spread among the aristocracy. Scottish English was called Inglis until the fourteenth century to reflect the problem that the two languages are not mutually exclusive (Corbett et al. 4-9). For example, the Durham burr, a uvular [R] sound, was quite common in the Scottish Border Regions (Ch. Jones 72ff). Under the Anglo-Norman influence, English quickly became the language of commerce of the medieval burghs (Ferguson 305). From the sixteenth century onwards, a standardised form of Scottish was established. Though the unpopular Union of 1707 created a revival of the Scots dictum in literature, did the English language remain a worthwhile accent until the nineteenth century. It seems also doubtful to regard Gaelic as a cultural signifier, when less than 2% of the population speak it, although Gaelic radio still enjoys high loyalty (Chapman 12). However, many Scots prefer their local dialect or sociolect to English (Corbett et al. 14). Qualitative research shows that dialects increase the impact of advertising because people feel they are addressed personally ("Case Histories" 1).

In Scotland, it is easy to give a commercial a regional colouring because words like 'wee' and 'aye' are instantly recognizable as Scottish morphemes ("Notes" 1). For example, although *Newhaven's* spoof Bollywood trailer seems to have an international flavouring, it has a Scottish twist. In the subtitles, the word 'aye' appears two times.

Another linguistic device is the use of the distinct Scottish grammar. Sentences are linked in a different way with ‘like’ highlighting explanations. Furthermore, tenses vary from the English use with past forms like ‘goed’ (J. Miller 93-97). Scots also prefer other modal verbs than their English counterparts whereby modals can be combined. Verbs are negated by ‘no’ or ‘nae’ which can be cliticised (Ch. Jones 1-20). A series of commercials for Whyte and Mackay starred Kenny Logan and Ally McCoist mocking the Adidas ‘Kicking It’ spots featuring Jonny Wilkinson and David Beckham. The Scottish tone was essential in this persiflage. In the ad ‘Free kick’ Logan almost stereotypically asks: “That’s going in the back, in’t it?”

Classic examples of the idiosyncratic pronunciation are Germanic sounds of fricatives in words like ‘loch’ (Ch. Jones 28, 57). Another is the phonological alternation commonly known as Scottish Vowel Length Rule: vowels are long when they precede voiced fricatives or [r] and at the end of a word. In the Great Vowel Shift around 1500, the high vowel [ii] was converted into the diphthong [əɪ] in England while all other vowels were raised by one height. The Scottish however kept the Old English pronunciation of words like ‘house’ as [hus] (Macafee 116, 145-147). It therefore comes as no surprise that *Consolidated Communications*, for example, announces “prime coups” in its advert. This parodies the Glaswegian pronunciation of the word ‘cow’ as [cuu], which makes sense when you interpret the line as a caption to the picture of a highland cattle (see advert 2):



### *The Sean Connery Problem*

Local culture plays another important part in marketing when it comes to national holidays and traditional festivities. Apart from St. Andrew's Day or Burns' Night, the Royal Highland Show and the Edinburgh International Festival create major opportunities for promotional activities. In 2003, *Tayburn* designed and produced the international EIF programme ("Portfolio" 1). Another important event in the Scottish calendar is the music festival 'T in the Park' sponsored by Tennent's. *Newhaven* Partner Ken Dixon explains why their commercial stars Franz Ferdinand: "Anytime we're doing something for Tennent's there's a certain level of Scottishness [...], even though it's not stated" (Wingbermhühle 52).

In general, commercials often work with celebrities to borrow on their popularity. In "Broadband for Scotland" Ford Kiernan plays a guy who loses his mind when trying to work with a slow internet connection as in the Scottish BBC comedy series "Chewing the Fat". The immediate response of nearly all interviewees when they were asked to come up with a good Scottish testimonial, was: "Not Sean Connery". Unfortunately, Connery does not only lend his voice to the SNP, but already offered to become an unofficial Scottish ambassador to Jack McConnell (P. Miller 2). So who would be a nice figurehead for an all-Scottish campaign? Ewan McGregor was described as a heartthrob with an international reputation for playing Obiwan Kenobi in *Star Wars*, but some marketers had problems with the probable arrogance of a movie star. In a brave move, *Citigate SMARTS* used both McGregor and Connery in a campaign for a Scottish beer brand. The ad "Who's your favourite?" put the two Christian names next to each other in the style of the *Star Wars* resp. *James Bond* logo.

In general, the biggest problem is that most successful Scottish people are low profile business managers. *Consolidated Communications* normally chooses testimonials like Julia Ogilvy for their public sector photo calls. Many of Petra Cuthbert's colleagues went along with Tom Hunter because the former chairman of the Entrepreneurial Exchange invested money back into sports and children. Politicians are not regarded as

very sexy either; otherwise Tony Blair, Gordon Brown and Lord Robertson would make great ambassadors. One way to avoid the clichés could be to choose someone from the vibrant music scene. In the past, it already catered for odd Scottish testimonials like Madonna who married at Skibo Castle or Rod Stewart.

## Conclusion

The concept of globalisation reflects that cultural influences are stronger than ever. For marketers it is therefore of utmost importance to take into account these notions that form consumer behaviour. This paper has shown that the Scottish marketplace differs substantially from the UK market in consumer preferences. Marketing opportunities are fantastic with a huge appetite of the Scots for all kinds of media and healthy growth rates of sectors such as Tourism, Biotechnology and Creative Consultancy. From the 1980's onwards, Scottish agencies managed to drive attention away from Britain's centralised marketing, although devolution did not have a great impact on advertising itself, but more so on media buying and PR. Scottish stalls are highly successful in attracting both local and international business with their quirky campaigns which often play on common clichés and stereotypes. The question then arises of what the future will hold in store for Scottish marketing.

“Scotland is very good at doing history, it's not very good at doing future” claims *Newhaven's* Ken Dixon (Wingbermhle 55). Like most European countries, Scotland used to look into its past to construct a sense of identity (Smout, “Perspectives” 108). Most interviewees know the problem of promoting a contemporary image of Scotland abroad. The Saltire will not lose its emblematic significance, because 75% of the Scots still strongly identify with it (“All Power” 4). Alternatively, Vin Diesel's appearance in a Black Leather Kilt at the 2003 MTV European Music Awards proved that old insignia can be transformed into cool badges.

The tourist industry will probably cling to their hackneyed clichés, simply because they sell. New Zealand could become an alternative role-model, as it positions itself on



its natural beauty. Although the impact of devolution on Scottish marketing remains disputable, it nevertheless helped to increase international recognition of Scotland as a modern nation. In the coming years, the marketing community is, therefore, well advised to foster the newly won reputation of cities like Edinburgh to position itself as an international hub for creativity which it definitely already is. Because marketing is not the only field where, once in a while, it helps to be a 'wee bit different'.

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# **Risky Business: The Art of Managing Creative Ventures**

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## **Introduction**

In order to examine the risks involved in the development of creative goods and services, the article presents a historical case study of a recent and highly controversial British theatre production: *Jerry Springer the Opera*. By using historical analysis and drawing on management theory, this paper explores key content and process elements which contributed to the production's development, highlighting various risks faced by the lead creative and commercial entrepreneurs and their attempts to manage these risks over time. On an individual level, the case also reveals complex dynamics between the primary entrepreneurs and secondary project champions. On an organizational level, the production's trajectory illustrates the development of a small, subsidised and entrepreneurial venture into a large-scale and commercially viable one.

As such, this case aims to shed light on the developmental process of creative ventures with wider implications for a theoretical understanding of the management of risky projects. I conclude with some comments regarding future research and aim to stimulate discussion regarding the application of these findings to other creative industry projects within the British context and more widely.

The case presented here is based on publicly available archival material including 2,271 press articles on *Jerry Springer the Opera* published in English language newspapers from 2001 to 2005 as well as in-depth interviews with industry

practitioners involved in the production. The newswire search and case-based methods were used to extract the data and construct the historical narrative (also detailed in Dempster, “Managing Uncertainty”) are consistent with prior creative industry studies (e.g. Fee; Jones).

## **Background Literature Review**

Classical theories of entrepreneurship stress that the principle role of the entrepreneur is to bear risk for the chance of a profit (e.g. Knight; Drucker). According to Knight’s famous distinction, as opposed to pure uncertainty, risk is associated with a specific probability of success/failure and as such can be measured (Knight). The implication is that this ability to ‘measure’ risk can in turn contribute to the entrepreneur’s ability to manage it. An alternative view of entrepreneurship stresses the entrepreneur’s role in the process of innovation (e.g. Schumpeter; Leibenstein). Interestingly, in the context of creative industries there are distinct complementarities between these divergent views of the entrepreneur precisely because creative industry entrepreneurs have both economic and artistic concerns. For the process of this paper the creative entrepreneur is therefore defined as *the primary risk bearer whose underlying aim is to innovate*. The case-study that follows illustrates in detail the symbiotic relationship between the need for creative innovation from the artistic perspective with the desire for economic gain from the commercial perspective.

A key challenge facing creative entrepreneurs is that they generally operate in environments with very high levels of demand uncertainty (Caves). This has resulted in very difficult to predict outcomes for creative goods and a persistent allusion to the infamous “nobody knows” property (Caves; De Vany). In fact, research into the film industry has attempted to disentangle levels of uncertainty (Miller and Shamsie) and sources of variance (Faulkner and Anderson). Nonetheless, specific drivers of consumer demand uncertainty have only recently been explored in the context of the theatre industry (Dempster, “Managing Uncertainty”).



While demand uncertainty is a major source of risk for creative entrepreneurs it is not the only one. The development of creative products e.g. a theatrical production, is also highly uncertain because it depends not only upon the existence and quality of each individual input (for example the scriptwriter, actor, musician, technician, producer and so on) but also on the co-ordination between them all and over time.

Furthermore, the success of each production is determined not only by internal dynamics but also by external events. Relatedly, Modern Portfolio Theory (e.g. Markowitz) concerned with the diversification of risks to investors, makes the distinction between *unsystematic* (e.g. company specific) risk which are random factors that cancel each other out as the size of the portfolio increases, and *systematic* (e.g. such as macro-economic) factors that affect all firms in a particular market in the same way and therefore would not cancel each other out even if the size of the portfolio of investments was increased. Therefore, while *unsystematic* risk can be managed, *systematic* (or market) risk remains in all portfolios.

Although in the case of just *one* production, a creative entrepreneur does not have the opportunity to eliminate their risks simply by increasing the size of the overall portfolio, they can still, for example, assess and distinguish between unsystematic risks (often internal) and systematic risks (often external). Internal risks may then be *managed* by the entrepreneur (who has some power over these components), while external risks may be *mitigated*. Interestingly, in the case presented here it can be argued that the creative entrepreneurs developed an innovative strategy for managing the unsystematic (diversifiable) risks by splitting the project up into a number of distinct investment stages (Dempster, “Managing Uncertainty”) with progress on a subsequent stage depending on success at the previous one.

The concept of a production strategy which evolves over a series of distinct stages is not dissimilar to strategies of staged investments employed in other highly risky projects, such as those involving significant research and development. For example, academic studies of staged-financing between entrepreneurs and venture capitalists suggest that it has been used to manage risks related to monitoring of employees by

the VC's (Gompers); diminishing the hold-up problem (Neher); overcoming the entrepreneurs commitment problem (Admanti and Perry); and mitigating moral hazard (Wang and Zhou). Relatedly, the case presented here illustrates with a real-life example of how staged investments can facilitate the development of a venture in a creative industry which might not otherwise be commercially viable, considering the use of a staged investment strategy by the creative entrepreneurs as a form of risk reduction and uncertainty mitigation.

## History

The first act of *Jerry Springer the Opera* is set during a live filming of the American television talk show Jerry Springer which features invited guests revealing their secrets to Jerry, fellow guests and the audience. At the end of the first act an attack is made on Jerry's life and he finds himself descending into hell. Act two is set in what resembles Hell, as the character of Jerry Springer is asked by the Devil to mediate a conversation with God. The studio guests from act one return as biblical figures and participate in the debate.

The dramatic history of the British production of *Jerry Springer the Opera* (henceforth JSTO) can be broadly divided into five main stages that represent specific investments and are defined by the venue:

1. *The Battersea Arts Centre* in London's theatre fringe
2. *The Assembly Rooms* at the Edinburgh Fringe Festival
3. *The Lyttleton* at the British National Theatre
4. *The Cambridge Theatre* in London's West End
5. BBC television broadcast and subsequent regional tour.

*Stage 1: The Battersea Art Centre*

The production began life as *How to write an Opera about Jerry Springer* on the **8th February 2001** when writer, musician and comedian Richard Thomas sat at the piano with four singers performing a twenty minute version to an audience of seven as part of Battersea Arts Centre<sup>1</sup> (henceforth BAC) experimental ‘scratch nights’. Under a “pay what you can” ticket scheme, performers and writers are given the opportunity to experiment and receive feedback directly from a live studio audience. The initial show was financed by Richard Thomas himself and advertised by a flyer that read “Have an idea. Think it’s a shit idea. Despair. Do it anyway” (*The Independent* 20 August 2001). In what became part of the shows’ mythology, Thomas offered a can of beer to everyone in the audience who came up with a good idea and four days later the show was selling out (*The Scotsman* 11 April 2003).

Rapidly building on the audience’s feedback, Thomas recruited comedian Stewart Lee in **May 2001** to write the libretto and co-direct, completing the core creative team which would provide the underlying vision for the duration of the project.

Following the success of its first staging, Tom Morris, the then Artistic Director of BAC commissioned an extended version to run for five nights as part of BAC’s experimental Opera Festival *The Works* (21 August to 2 September 2001). Richard Thomas’s agent, Jon Thoday also became involved at this early stage. As the founder and managing director of the theatrical management company *Avalon* which specialises in the representation and production of comedians in the UK, Thoday provided some initial seed capital and oversaw the show’s development from this early stage. The partnership between Thomas and Lee on the creative side and Thoday on the commercial side was central to the production’s evolution. Thomas explained that “the purpose of these shows [at BAC] is to try and raise money to stage it on a *Lion King*-size budget” admitting that at this stage “the work will be, to an extent unfinished” (*Page Six.com* 2 August 2001). As part of its development, the production was re-written and extended to include an embryonic second act.

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<sup>1</sup> [Http://www.bac.org.uk](http://www.bac.org.uk).

Word of mouth was so enthusiastic that the show sold out virtually without being advertised. In August the production was spotted and previewed not only by trendy internet papers, but also by several of London dailies such as *The Evening Standard* and by early September it had made the critics list of both *The Independent* and *The Sunday Times* (2 September 2001). Interestingly, it was also covered by a number of papers in the U.S. including *The New York Post's* online version *Page Six.com* (2 August 2001) and *The Detroit News* (10 October 2001). Almost without exception, the reviewers were impressed by the innovative coupling of such a low-brow subject (an American daytime chat show) with a high-brow art-form (opera) (*The Independent on Sunday* 19 August 2001).

As well as the positive reviews, the fledgling production was given a boost by the attendance of a number of London's 'educated tastes', not least of which was Nicholas Hytner, the then future artistic director of the National Theatre, who had been spotted enjoying it. Both the financial support of Avalon's Jon Thoday and Nicholas Hytner's public endorsement at such an early stage would prove pivotal in the production's development. In an interview with *The Sunday Times* on 7 October 2001, Hytner was explicitly quoted as saying "We should do all sorts of musical theatre" singling out JSTO as the kind of progressive new musical theatre that should be staged at places like the National (*The Sunday Times* 7 October 2001). Such tangible and open promotion by one of London's leading theatre practitioners played an important role in attracting publicity and attention.

When JSTO returned to BAC for a full three weeks run from **5th to 23rd February 2002**, the show sold out. This time the production received extensive and largely positive reviews in all the major UK newspapers. Although it had evolved into a full-length musical with a full first and second act, the creative team still described "the current run as a work in progress [which] is an attempt to develop the idea further and see if there is the backing for a possible West End run" (*The Guardian* 9 February 2002). This early developmental stage was seen as key to the production's future success and backed by Thoday financing the creative team of Thomas and Lee who had noticeably big plans for the future. Even though this latest incarnation was still

being described as “aiming to put more flesh on the bones,” it was nonetheless deemed “a must-see” by *The Sunday Times* (10 February 2002).

*Stage 2. The Assembly Rooms, Edinburgh Fringe Festival*

Following a frenzied period of rewriting and re-casting, JSTO followed the well-trodden path of much British experimental theatre to the *Edinburgh Fringe Festival*, the largest performing arts festival in Europe. The production now had two full acts, a total cast of 21, a larger ensemble of 10 chorus singers, and a live band. The success of JSTO at BAC contributed to making JSTO the ‘Hot-ticket’ show at Edinburgh, where it again sold out. According to *The List* (Edinburgh’s main theatre guide) the “extra buzz” surrounding the show was “generated because of the way it’s been put together by Lee and Thomas [who] have slowly built this tribute to telly’s king of dysfunctional relationships from tentative concert performances to try-out first act, all the time getting audience feedback and pointers about which way to head next.” Lee explained how the show had “evolved in a weird, Labour Party-style public partnership with its financial supporters” (*The List Festival Guide* 1 August 2002). Indeed the self-confessed symbiotic relationship between the creative and commercial members of the core team characterised the production.

The function of Edinburgh (stage 2) was therefore other than pure profit. The sizable investment of £300,000 made by Jon Thoday, was seen as necessary to develop the production into one with West End potential (*The Independent* 29 September 2003). This investment, considered ‘a small fortune’, was intended to showcase the production rather than make a profit since the ticket price multiplied by the number of seats in the *Assembly Rooms* venue meant costs could not possibly be recouped with box office receipts even if the show sold out every night (*The List* 1 August 2001).

This stage was also seen as an important training ground and opportunity for exposure to the target audience. “It’s good doing it here because the Assembly [Rooms] is quite like the West End in a way,” explained Lee (*The List* 1 August 2001). JSTO was

exposed to a wider critical spectrum than previously, which was another important test. “It’s written and sung to an incredibly professional level and that really throws people because they think they’re going to get some sketch show burlesque of American talk shows,” Lee explained (*The List* 1 August 2001).

The production’s success can in part be attributed to the way in which it introduced both radical and incremental innovations. While many shows have either incremental or radical forms of innovation – few have a mix of both which made JSTO distinctive but comparable to other acclaimed productions (Dempster, “Learning from Theatreland”). The show mixed traditional themes (that an audience and critics could relate to) with a radically novel framing and treatment of those themes (which challenged the audience and excited the critics). Radical innovation included Richard Thomas’ experiments of setting swearwords to classical operatic music and the free mixing of high- and low-brow cultural references in a blatant disregard for established boundaries. Incremental innovation included the development of the musical theatre genre to a subject and style with more currency and potentially younger-audience appeal. In a challenge to conventional counterparts, Richards Thomas explained how “One night I was watching the [Jerry Springer] show, and I realized there were eight people screaming at each other, a chorus baying for blood, and I thought – that’s opera” (*The Independent* 27 August 2001).

On the **24th August 2002**, half way through the first act a wave of whispers swept through the auditorium as people realised that the *real* Jerry Springer was seated in the audience. Springer was greeted warmly by a round of applause in the interval following which he stood up, took a bow and playfully replied ... “its not true!”... (*The Observer* 25 August 2002). In a full-length feature in *The Observer* the following day, Springer was quoted as pronouncing the show “wonderful”, “great” and “many-layered.” He added, “I hope the show comes to America” and “I only wish I had thought of it first. I don’t object to anything in it. The whole show is tongue-in-cheek, so what’s the problem?” (*The Observer* 25 August 2002). Jerry Springer’s active endorsement of the production removed the rumoured threat of legal action which had overshadowed the production and threatened its long-term commercial viability.

Springer's decision not to get involved therefore represented the resolution of the major external uncertainty and removed a major barrier to the show's development. The production left Edinburgh having generated a significant amount of publicity for itself. It was singled out by critics as a production that was 'going places' and won the coveted *Best New Musical Award*.

### *Stage 3. The Lyttelton Theatre, British National Theatre*

On the **5th December 2001**, Nicholas Hytner, the incoming artistic director of the British National Theatre in London, made the dramatic announcement that he would open his directorship and the National's season with JSTO. The significance of this decision can only be fully understood within the greater context of the British theatre industry at the time, the role of the National, and the effect that such an event had on the industry as a whole.

Hytner's decision to open the season with a piece of new writing, which had been described by the relatively liberal Edinburgh press as "outrageous" and "subversive," was a radical departure for an institution that was seen as the bastion of 'High Art' and establishment in British Theatre. A show inspired by "trailer-trash T.V." whose subject matter included "weird sexual practices and lap dancing" was hardly in tune with the staple fare offered at the National and consumed by its regular patrons prior to Hytner's arrival. The juxtaposition of JSTO with the gentle American musicals on offer under the previous directorship of Trevor Nunn, could not have been more stark. As such, the announcement was interpreted as a bold statement of intent to break with the past regime. "As a first choice it sends an unmistakable message that the years ahead are likely not only to be risky and exciting but revolutionary in a way that Sir Trevor Nunn's were not" (*The Guardian* 5 December 2002). In what seemed an instant, Hytner gained himself the enviable reputation as the new *enfant terrible* of British theatre. It also put the National back on the map of 'trendy' London and redefined it as an institution not only willing to compete with, but also promote, the more radical and innovative products of the industry.

Facilitated by a sponsorship deal with Travelex, the National offered £10 tickets in an attempt to encourage first-time buyers, young audiences and boldly target a new market niche. As such the National was actively re-defining itself and its target audience “as the mass-market youth”. The inexpensive tickets were particularly notable at a time when the rest of the West End was becoming more expensive (*Daily Telegraph* 5 July 2003).

The National’s decision to stage a piece of new writing also had profound repercussion on the fringe sector of the theatre industry. A direct beneficiary was BAC which, following Hynter’s announcement, received unprecedented press coverage further bolstering its reputation as an “innovation powerhouse”. The impact on theatre entrepreneurs in general should also be noted. JSTO was heralded as the kind of ‘rags to riches’ story that exemplified success for creative entrepreneurs, arguably providing inspiration for others in the industry.

Furthermore Hytner’s decision provided tangible proof that there could be cooperation between the commercial and subsidised sectors of the theatre industry – whose relationship had historically been characterised by mutual ill-feeling and distrust (Cogo-Fawcett). On a personal level, the National provided invaluable training to the core creative team. “The two-year journey to the South Bank has been a learning curve,” admitted Stewart Lee who had “a newfound respect of commercial theatre” (*The Scotsman* 11 April 2003).

When JSTO opened at the National’s *Lyttelton Theatre* on **9th April 2003**, it was greeted with an almost synchronised exclamation of approval by the reviewing press. *The Times* praised it as “gloriously spot-on.” *The Mirror* declared “For originality I have no hesitation in declaring Jerry Springer The Opera to be the greatest production on earth ... and in hell” (30 April 2003). *The Independent* noted the “heartening statement of intent by the Hytner regime. And what better place for a ‘chick with a dick’ than in an opera with balls?” (30 April 2003). *The Herald* again noted the remarkable selection and promotion by Hytner: “It’s the stuff of dreams” (1 May



2003). The show gained remarkable 4-5 stars in all the major UK newspapers known (internationally) for their notoriously tough critics (*The Guardian* 6 May 2003).

When box office figures were released on **24th September 2003** it became clear that JSTO had been a major financial success for the National Theatre. By the end of the run, box office takings were a reported £1.8million (*The Independent* 29 September 2003) with the season attracting houses of between 80 and 90%. According to research based on the use of credit cards, 46% of those who had seen JSTO, some 300,000 people had been first-time bookers opening a huge potential consumer market for future productions (*Financial Times* 25 September 2003; *The Guardian* 25 September 2003). Nonetheless, at this stage, box office takings went predominately to recoup the National's development and production costs rather than to the core entrepreneurs. JSTO's last performance at the National was on **30th September 2003** after which the creative entrepreneurs had negotiated it would transfer to the West End.

#### *Stage 4. Cambridge Theatre, London West End*

By the time that JSTO opened at the Cambridge Theatre on **11th November 2003**, it was well known in theatre circles. The first month of the £3 million production was reportedly nearly sold out, with theatres in Germany, Scandinavia and Broadway "clamouring" for a run (*The Independent* 29 September 2003). At this stage JSTO played for the first time in a much larger venue of over 1,000, charging commercial ticket prices. It was also at this stage that the core entrepreneurs, Richard Thomas, Stewart Lee, and Jon Thoday hoped to make back their investment and eventually profit. With West End production costs in the region of £2.5-3million, Thoday brought in another experience theatre producer, Allan McKeown, as the show's co-producer and largest single investor after Thoday. However, before making a profit the show would first need to make enough to cover weekly running costs and recoup other expenses.

In spite of the production's critical acclaim and financial success to date, its future was far from certain considering the (theatre) industry rule of thumb which suggested that seven out of nine West End productions lose money (*The Independent* 29 September 2003). As a production with high running costs (all weekly expenditures including payment to cast, crew and the Cambridge theatre), JSTO depended on a relatively lengthy run and *steady* ticket sales contributing to the critical need for *ongoing* success.

The transfer to the West End took only ten days – the faster the show was putting ‘bums on seats’ (as the industry expression goes), the faster investors might see a profit and the producers might capitalise on the market buzz following the National's sell-out run.

The West End opening came complete with the usual fanfare as London glitterati mingled with stars and reporters and the show was attended by Jerry Springer himself (*The Guardian* 12 November 2003). Following the opening, some reviews remained positively upbeat: “Seeing it for the second time, I remain convinced that this is a musical with a touch of genius about it” (*The Daily Telegraph* 11 November 2003). Many, however, were conspicuously more critical. “OK – it's a terrific show,” another reviewer admitted, “But, just because it's been hyped, may I point out its limitations?” (*Financial Times* 12 November 2003).

For the first time, a number of commentators questioned how this profanity laden, sacrilegious show would be received by the mass market. “It's hard not to wonder who this show – essentially an operatic re-enactment of Springer's televised fisticuff sessions, first in his Chicago studio, then in hell – is aimed at?” one critic questioned (*The Guardian* 12 November 2003). It was also noted that the higher ticket prices could potentially exclude precisely the consumers JSTO had attracted to date (*The Guardian* 13 November 2003). Clearly the radical show would not appeal to everyone. “I wouldn't recommend taking your own mum to this opera,” warned one critic, “the language alone is strong enough to turn her hair white ... and she may be more than mildly shocked by such sights as a ‘chick with a dick’, a large man who is turned on

by wearing nappies, and a chorus line dressed in Ku Klux Klan hoods” (*The Independent* 6 November 2003).

A few reviews were outwardly hostile. *The Independent* stated that in spite of the “near-universal praise for Richard Thomas and Stewart Lee’s show” and “built up expectations”, he was “left cold” and questioned “Where was the devastating satire? I was numb from being beaten over the head with the same joke.” (*The Independent* 13 November 2003). Similarly, the *Daily Telegraph* warned that a colleague “felt as though he needed a bath after watching this foul-mouthed musical satire on the lowest dregs of confessional television” (11 November 2003). By the time the show reached the commercial arena of the West End, the press reaction was highly mixed.

In spite of coinciding with a general down-turn in the West End and receiving mixed reviews, it was at this stage (2003/2004) that JSTO won a string of important industry awards, including the *Evening Standard Theatre Award* for Best Musical decided upon by a panel of judges and *public* nomination, a *Critic’s Circle Theatre Award* and four *Laurence Olivier Awards*. On **27th April 2004**, Thoday’s production company Avalon was confident enough to announce the show’s West End run was open-ended with plans to open on Broadway in October 2005 and screen JSTO on 100 U.S. television stations and in more than 20 countries in the not-too-distant future (*Reuters* 27 April 2004).

## External Context

The opening of JSTO at the Cambridge Theatre should also be considered in the context of wider external economic and social context. The attacks on the World Trade Centre in New York on 11th September 2001 not only had devastating effects on nearby Broadway, but sent ripples throughout the tourism industry globally. These were also acutely felt by the London theatre industry which relied in part on cash-rich American tourists and large group-booking from tour agencies for a regular income. By end-2003, when JSTO opened at The Cambridge Theatre, the West End had

suffered a serious and protracted economic downturn blamed on a combination of 9/11, the agricultural Foot & Mouth crisis which decimated the British countryside in 2001-2002, and in 2004 the impending war in Iraq.

London's West End itself also came under attack. Michael White, a producer of almost 40 years' blamed the down-turn on "greedy theatres, tramps sleeping in theatre doorways, rip-off ticket prices, the lack of a buzz about theatre ... but most of all the poor quality of what's on stage." Similarly, *The Guardian's* theatre critic Michael Billington, argued that the West End was suffering a "neon sickness", and that slap-happy productions undermine its collective reputation for quality. Charles Spencer of *The Daily Telegraph* joked that he'd been trying to decide which was the bigger problem, "the rubbish on the West End's streets or the rubbish on its stages" (*The Guardian* 22 October 2003). Veteran producer Duncan Weldon also reportedly believed the increasing number of poor-quality shows was damaging the West End's image.

In such an environmentally unfriendly context, the improbable transfer of a radical fringe show to the West End was seen as a significant achievement and by 2004 JSTO was credited with helping revive the West End. At the same time that JSTO risked offending members of the public, by refusing to conform to common West End musical formats, the show seemed to breathe life into a failing industry. It also provided some healthy competition in a marketplace dominated by a few powerful incumbents such as Andrew Lloyd Webber's Really Useful Theatre Group which owned 30% of West End theatres and offered Webber productions in many of them. The juxtaposition of JSTO's success was particularly poignant as several classic Webber musicals closed, transferred to smaller venues and his new show *Woman in White*, which opened on 14th September 2004, was savaged by the press. "The West End has reached the end of an era. *Les Misérables* headed for the exit just as a musical about a talk-show host containing 8,283 swearwords made a grand entrance" triumphantly reported *The Times* (15 November 2003). JSTO's opening was romantically heralded in the press as the dawning of a brighter era in which British

theatre would be artistically braver and bolder than both its predecessors and its Broadway counterparts.

### Internal Events

As JSTO was winning awards, being heralded as having helped to revive the West End, and announcing ambitious plans for overseas transfer, a storm was brewing backstage. The problems dated from a claim published by the (tabloid) *Daily Mail* in **January 2004** that the musical was “losing money hand over fist” at a rate of £40,000 a week. There was a great deal of speculation at the time and subsequently as to what source could have fed such a line to the tabloid paper – a source which the paper clearly trusted to have the insider knowledge of JSTO’s situation and running finances and possibly an industry competitor.

The furious producers responded by presenting their accounts in **March 2004**. After this the paper printed an admission that it had been “wide of the mark” and the show was in fact making a “healthy profit”. In spite of the *Daily Mail*’s written retraction, John Thoday decided to take legal action against the newspaper because he argued that the episode had resulted in cancellation of group bookings from tour operators and agents and a “loss of confidence” by the theatre-going public who read the papers (*The Guardian* 26 October 2004). The direct loss of income for the production was estimated at £400,000 (*The Independent* 25 October) for which Thoday filed for damages. Nonetheless, the legal action also resulted in immediate and substantial costs which jeopardized the production. Thoday admitted that “we’ve been spending a lot of money on a court case that we should have been spending on marketing.” (*The Independent* 25 October). Thoday estimated that legal fees could run as much as \$500,000 or more than \$900,000 while “The marketing budget for a show like Jerry Springer would be between £1 million and £1.5 million a year”. Furthermore, once the court case was initiated, Avalon seemed locked in up to completion. “If we were to

settle with them”, Thoday believed “we’d have to pay their legal costs, so we don’t have any choice but to go to court” (*The New York Times* 27 October 2004).

The crisis came to a head when on **25th October 2004**, Allan McKeown publicly disassociated himself with the litigation announcing that the decision had not been taken with his approval and Thoday and his company Avalon should bear all costs rather than the production. “(Neither) Allan McKeown nor the production of *Jerry Springer The Opera* are a party to, nor do they endorse, the action that (co-producer) Avalon Promotions has brought against the Daily Mail,” McKeown announced in a public statement.

In fact, relations between the two producers had reportedly soured as early as July when the show was recast after which McKeown acknowledged he had not been active in the management of the show, nor supported it financially, since the original cast departed (*Daily Variety* 25 October 2005). The producers also fundamentally disagreed over the capitalization of the Broadway production, originally planned for the fall of 2005. Thoday wanted to spend \$11 to 13 million reflecting London’s successes. However, in light of the recent West End run, which had made less than expected returns to that date, McKeown wanted the Broadway production to be capitalized at a much smaller \$7 million. To bring down weekly running costs, McKeown also recommended a cast of 10 in New York, down from 33 in the London company and reiterated that he wanted JSTO to come to America but on a much smaller scale. “For it to be successful there you would need to cut it to 90 minutes and have no interval. It should do really well here but it won’t do well if you’re expecting 1,500 people a night,” McKeown explained (*The Times* 30 October 2004).

With McKeown, the major US-based backer alienated by the disagreement, JSTO’s U.S. transfer was severely jeopardised. By **25th October** the show was in serious trouble and Jon Thoday announced that it could be forced to close that very same day because of the legal disputes and infighting. He announced they had until lunchtime to inform the Cambridge Theatre, where it has been running for just over a year, whether

JSTO could renew its contract. During frantic negotiations in London and New York Thoday struggled to save the show (*The Guardian* 26 October 2004).

By the **30th October 2004**, JSTO had been temporarily saved after negotiations with the production team and contractors to slash costs including the sacrifice of royalties for a month by the creative team (*The Times* 30 October 2004). “The show is not dead yet,” Thoday announced triumphantly in the statement, “We have told Andrew Lloyd Webber’s theatre company Really Useful Theatres<sup>2</sup> that the show will not be closing. We are determined not to allow anyone to kill the show.” Nonetheless, Thoday warned the show remained on a “knife edge” and that “a final decision... [would] not be taken until the show’s case with the Daily Mail is heard on 13th December 2004” (*The Independent* 30 October 2004). The legal action was eventually settled out of court.

JSTO’s turbulent history – characterised by bitter infighting, painful lawsuits, reputed conspiracies and last-minute rescue attempts seemed more dramatic than an episode of its namesake show ... and the story was not over yet.

### *Stage 5. BBC Broadcast and Beyond*

In late 2004 the British Broadcasting Corporation (BBC)<sup>3</sup> announced that a live uncut version of JSTO would be aired on national television in early January 2005. Clearly, a television broadcast would bring JSTO to a much larger and more heterogeneous audience than ever before or is possible in live theatre. On the other hand, there was a risk that a television audience would not engage with the production in the same way that a theatre audience had. However it represented a major marketing/publicity opportunity from which the creative entrepreneurs hoped to benefit. The station’s controller Roly Keating was quoted, provocatively, stating that the show would “push back the boundaries of taste and decency,” and added “There will be warnings but we don’t intend to cut it. Our audience will expect it to be broadcast uncut.” (*Daily Mail* 3 December 2004).

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<sup>2</sup> Also owner of the Cambridge Theatre.

<sup>3</sup> The UK’s state-owned and part publicly funded broadcasting network.

The television broadcast brought JSTO to the attention of the infamous British tabloid press, a rather less benign chorus than the ‘high-brow’ reviewers who had followed JSTO previously. *The News of the World* criticised the BBC for broadcasting a production which it described as “a cult musical known for sex, swearing and violence” (21 November 2004), in spite of the fact that the paper regularly featured half-naked women in its pages. Another tabloid, the *Daily Mail* accused JSTO of being “the most expletive-strewn programme in TV history” with the headline “BBC to Air Springer Musical and all its 8,000 Obscenities” (6 January 2005) while the *Daily Star* ran the similarly provocative headline “It’s An Effing Record.”

The broadcast also attracted several other fervent opponents including the highly conservative television viewers group *Mediawatch-UK* and right-wing Christian groups *Christian Voice* and *The Christian Institute*. In an interview, Colin Hart, Director of *The Christian Institute*, said: “I think this is the most offensive and spiteful show ever broadcast by the BBC. There may be many shows running in West End theatres that I find offensive, but I am not paying for them to be pumped into my living room.”<sup>4</sup>

At the time, the treatment of religious themes in theatre was being avidly discussed following the closure of the play *Behzti* on 19th December 2004, which was perceived as blasphemous by the Sikh community. The Birmingham Repertory Theatre eventually backed down after a night of public disorder and rioting and withdrew the show, but then came in for widespread criticism from the theatre world for sacrificing artistic expression by capitulating to minority views.

*Christian Voice* lobbied against the production of *JSTO* in the same way that members of the Sikh community had protested against *Behzti*. Christian campaigners argued that unlike other religious groups, Christians in general put up with blasphemous and sacrilegious treatment of their religion far too often, from the ridiculing images in Monty Python’s *The Life of Brian* to most recently *Jerry Springer the Opera* (*Daily Mail* 22 December 2004). A particularly controversial scene was one in which Jesus

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<sup>4</sup> [http://www.christian.org.uk/pressreleases/2005/january\\_19\\_2005.htm](http://www.christian.org.uk/pressreleases/2005/january_19_2005.htm).



confides he is “a bit gay” (*The Times* 24 December 2004). Following the BBC’s announcement, December 2004 was characterised by a vitriolic debate in the press with scores of major and minor political, religious and cultural figures coming out on both sides of the argument. On the **6th January 2005**, solicitors for *Christian Voice* wrote to the chairman of the BBC, Michael Grade, threatening legal action if the programme went ahead. They claimed that broadcasting the show was not only offensive, but it would “constitute a criminal offence of blasphemy” and be in breach of the BBC’s Royal Charter as a public service (*Daily Mail* 7 January 2005). Similarly, the conservative lobby group *Mediawatch-UK* announced that it had been inundated with e-mails and telephone calls from licence fee-payers protesting “the continuous stream of obscene and profane language, as well as the debauched behaviour that characterised Mr Springer’s shows,” which they argued “is unacceptable and will alienate a large number of viewers” (*The Independent* 5 January 2005).

In opposition to the lobby groups, the BBC argued that a T.V. screening of a production with multiple awards provided access to many more people than could possibly see it in the theatre. “It is a serious work. People who can’t get to London to see it at the theatre can now see it in their own home. It will transmit well after the 9 o’clock watershed and carry appropriate warnings,” the BBC argued (*Reuters News* 5 January 2005). The BBC’s decision to commission the screen version of a West End show was also part of their social mission to “introduce a new generation of viewers to opera” (*The Independent* 5 January 2005). Whilst reiterating that “of course we take comments and complaints seriously”, they also dismissed the large number of complaints against the production because “there is evidence that most of these are from an organised lobby encouraged to contact us,” and many of which “would appear to be misinformed on the content of the show” (*The Independent* 5 January 2005).

Other observers were outraged by the scale and ferocity of the opposition and rallied in defence of JSTO and the BBC’s decision. For example, *The National Secular Society* urged the BBC to stand firm against “religious bullies”, saying the campaign against JSTO was an “organised attack ... the latest of a series of attempts by religious interests to control what we can see or say in this country” (*The Daily Telegraph* 7

January 2005). Similarly *The Independent* published a scathing article asserting: “The days when the entire British viewing public could be scandalised by a rogue swearword on television are, thankfully, over. The handful of irate voices calling for the BBC to pull Jerry Springer The Opera from its schedules tomorrow night belong to a different age...” (*The Independent* 9 January 2005).

However, the opposition lobby groups refused to be silenced and on the **7th and 8th January 2005**, *Christian Voice* organised street vigils in protest against the screening which took place outside the London BBC premises and around the country.<sup>5</sup> In a dramatic gesture that echoed scenes in JSTO itself, protesters set fire to their television licences (*Reuters News* 7 January 2005). Much more sinister were the warnings of ‘bloodshed’ and abusive and threatening telephone calls received by BBC bosses and their families, including Mark Thompson and Roly Keating. After which senior BBC executives were given security guards and their phones monitored for their protection (*Daily Mail* 8 January 2005; *Reuters News* 8 January 2005).

The number of press articles both for and against the decision to screen JSTO was overwhelming, and the furore surrounding it mounted daily up to the event itself. The fact that the BBC received a record number of complaints (near 55,000 at a final counting) attracted international (media) attention. According to the *Daily Mail* “The TV watchdog Ofcom has already received 5,500 complaints – three times as many as it received over Martin Scorsese’s *The Last Temptation of Christ*, which sparked 1,554 complaints when it was shown on TV in 1995” (7 January 2005). *Reuters News* reported Ofcom complaints were closer to 7,000 (7 January 2005).

Following JSTO’s screening at 10 p.m. on Saturday, **8th January 2005**, the debate did not die away. As much as two months later, the BBC’s Director General, Mark Thompson, still felt the need to defend his decision in *The Times* which published a full length feature entitled “Why I stand by my decision to broadcast Jerry Springer,” where Thompson raised concerns that a small lobby group could use the internet to raise disproportionate alarm and incite fury. He also implicated the tabloid press for

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<sup>5</sup> [Http://www.christianvoice.org.uk/springer12.html](http://www.christianvoice.org.uk/springer12.html).

inflation and sensationalism and warned against the growing power of “extremist” religious groups (*The Times* 8 March 2005).

Far from fading away, the debate on the BBC’s decision to screen JSTO rumbled on in 2005. Like many avant-garde creative products, this production stimulated discussion of wider issues including the influence of the press, the power of minorities groups, religious sensitivities and ultimately the role of art in society. In October 2006 these debates resurfaced with renewed force during the worldwide controversy surrounding the publication by a Danish Newspaper of cartoons depicting the Prophet Muhammad. Perceived as offensive by some Muslim groups, the cartoons sparked street protests and rioting. It was widely noted that the controversy surrounding this publication paralleled that of the JSTO screening nearly two years earlier.

The backlash of complaints, albeit dramatic, was not initially taken very seriously by the JSTO production and creative team. Stewart Lee joked that to arrive at its 8,000 count, the *Daily Mail* must have multiplied the number of swearwords by the number of people on stage: “My show has 7,549 fewer swearwords than people say, but who’s counting?” (*The Daily Telegraph* 7 January 2005). However, what started as a joke, quickly escalated into a situation with potentially serious consequences. On **27th February 2005**, Thoday announced that a financial backer of the New York run had pulled out as a result of developments in the UK. “At the moment it’s off ... because of the furore” (*Independent On Sunday* 27 February 2005). Rumours also began to circulate that the national tour was in jeopardy because of the opposition lobby and negative media frenzy. *Christian Voice* published a letter on their website in December 2004 that had been sent to regional theatres which threatened “Should any regional theatre stage ‘Jerry Springer the Opera’ this autumn, we shall be looking to prosecute them as well.” By **15th March 2005** JSTO’s producers announced that “pressure from radical Christians has caused 11 regional theatres to pull out of showing Jerry Springer-The Opera” (*The Times* 16 March 2005).

In spite of their vocal and visible protests, the precise effect of the anti-JSTO lobby is debatable. Rows of “empty seats” had been reported for some time by JSTO audience

members (*Observer Review Pages* 11 July 2004). By mid-March 2005 it was becoming increasingly clear that JSTO was far from the financial success that had been expected. For example, Dennis Hall, chief executive of Southampton's *Mayflower* theatre, stated that his decision to turn down JSTO was not based on the controversy surrounding it but because he "did not believe it would be commercially viable at the box office" explaining that as a financial proposition JSTO simply did not match up to the competition (*Newsquest Media Group Newspapers* 19 March 2005). In a highly competitive industry, JSTO's ability to attract *mass* market audiences, both in the West End and at the regional level was questionable. In a final bid to broaden JSTO's appeal, Thoday announced JSTO would be screened at MipTV in Cannes<sup>6</sup> (*Independent On Sunday* 10 April 2005) with transfers negotiated to other English-speaking countries as well as adaptations abroad as "a way of perpetuating the show and generating a bit of revenue for the [UK regional] tour when it happens" (*Independent On Sunday* 10 April 2005). Amid ongoing controversy, JSTO closed at the Cambridge on the **19 February 2005**.

The decision to broadcast JSTO on television therefore had some radical and unforeseen consequences. It attracted massive media attention and a record (for a musical) audience of 2.6 million viewers – a far greater number of people than could ever have seen it in the confines of a theatre. It also received a record number of complaints – some 50,000 at a final counting and sparked a heated and protracted debate. From the creative entrepreneurs' perspective, apart from the publicity, the benefits were less clear since the publicity did not clearly translate in tangible financial returns in the form of theatre tickets sales and a lengthy run.

### **Conclusion: Risks and Opportunities**

The case presented here shows how creative industry entrepreneurs in the British context must constantly balance artistic aspirations with commercial realities to

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<sup>6</sup> The world's largest television marketplace.

achieve ongoing success. On the *artistic level*, JSTO was characterised by a creative continuity which informed key decisions and direction at important junctures and was provided by a profoundly entrepreneurial core creative team, Richard Thomas and Stuart Lee. As well as guiding the production's evolution, the core creative team facilitated the development of the creative product allowing it to metamorphasize from a small, subsidised show into a large commercial production. The creative entrepreneurs personally bore some financial and substantial reputational risk especially as their *future* success was closely tied to the success of their *present* venture, as is characteristic in the industry (Caves).

At the *commercial level* the production was financially backed and tirelessly backed by Jon Thoday of the agency Avalon Promotions. Thoday acted as the prime economic risk-bearer and was central in facilitating the production's growth over the course of its turbulent lifetime. To encourage its survival through the early stages, Thoday teamed-up with various allies across organizations and over time. The ability of Thoday to share risks with various project 'champions' at each stage of this production's life cycle was an important strategic solution to flexibly managing risk over time.

From an internal perspective, the primary entrepreneurs had to manage a complex network of relationships. As well as balancing the creative and commercial aims of members of the core team, this included a number of secondary champions who played a critical role in promoting JSTO, contributed financially, and perhaps most importantly, also took on significant reputational risks associated with a radical piece of new writing. On the one hand, the positive reputational effects for JSTO of being associated with innovative (in the case of BAC) and venerable (in the case of the National Theatre and the BBC), institutions cannot be underestimated. On the other hand, in the case of Tom Morris, Artistic Director of BAC and Nicholas Hytner, Artistic Director of the National, their personal risk-taking translated into real returns in terms of reputational (and financial) gain for themselves and their organizations. Following an organised protest by opponents, the gains were less clear for the BBC and reputational risks born by the stations controller Roly Keating and BBC's Director

General Mark Thompson which were arguably costly. At the final stage of commercialisation this included Allan McKeown, a major financial backer who would contribute to developing the production to West End scale and again who took on large financial and reputational risk with questionable reward. In all cases these secondary champions helped the creative entrepreneurs spread their creative and commercial risks across players and over time there-by facilitating the growth and development of the production as a whole.

As well as managing their own production, the creative entrepreneurs of JSTO had to be conscious of their external environment. Unforeseeable events internationally triggered a global recession in tourism which the British, and especially London theatre, also weathered. At a sensitive time, and with a controversial and innovative production which challenged established norms and “pushed back boundaries”<sup>7</sup>, the creative entrepreneurs could expect a reaction from the outside world. In spite of their defiance to JSTO’s opponents, the creative entrepreneur’s sensitivity to external considerations was evident in, for example, the constant dialogue that Thomas and Lee had with the press in first explaining and subsequently defending their artistic vision.

Emerging from the financially protected world of (predominately subsidised) fringe theatre, the creative entrepreneurs also had to evolve to manage the highly competitive and concentrated nature of the West End theatre industry once they became new entrants alongside existing and established industry players. Interestingly, JSTO went through a large number of developmental stages before it was launched as a fully-fledged show in the West End catering for the theatre-equivalent of a mass-market audience. The multi-staged nature of the JSTO production process was both noted by the public and heralded as one of the main reasons for its meteoric rise from Fringe to West End (Dempster, “Managing Uncertainty”). However, in spite of significant public and critical acclaim, JSTO’s earlier successes did not immediately translate to mass commercial market success. External events and the reaction of members of the television viewing public were unanticipated and in many ways eclipsed the

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<sup>7</sup> As Roly Keating was quoted describing JSTO.

production's creative achievements. The production continues to tour the UK with performances (currently) booked into 2007<sup>8</sup> in an attempt to capitalise on its prior success and rather infamous reputation.

The history of the production of JSTO exemplifies how internal and external uncertainties can interact in complex and unpredictable ways, translating into risks and opportunities for the creative entrepreneur which ultimately buffer and shape the production and its progress. The case also illustrates how, relevant risks must be anticipated, managed and mitigated by the creative entrepreneurs, if their creative and commercial aims are to translate into real and sustainable gains. Using historical analyses, the case shows how the creative entrepreneurs involved in this production intuitively managed their risks over time and a number of strategies they employed. Future research should consider how risks in the creative industries might be identified, assessed and managed *a priori*, thereby facilitating the development of creative products, goods and services, and contributing to the success of creative entrepreneurs both in terms of art and commerce.

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<sup>8</sup> [Http://www.jerryspringertheopera.com/jerry\\_opera.html](http://www.jerryspringertheopera.com/jerry_opera.html).

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